

1 Residential Market Review

1.1 This paper provides the background to the value assumptions made in appraising the residential development typologies set out in the main report. The purpose of the overarching study is to test the viability implications of the National Park Authority’s emerging Local Plan policies.

1.2 The structure of the residential market paper is as follow;

2) National and Regional Overview Provides an assessment of the current residential market in a national and regional context.

3) Existing Evidence Base Provides a review of the existing market evidence including: the demographic forecasts 2016 and the SHMA 2017.

4) New Build Achieved Values Provides an assessment of new build achieved values across the Northumberland County, which includes the National Park Authority. The market assessment is based on industry recognised published data from the Land Registry and the Energy Performance Certificate Register (EPC).

5) New Build Asking Prices Provides an assessment of asking prices for new build properties across the Northumberland County. The market assessment is based on published data from Rightmove/Zoopla and developer’s websites.

6) Housing Value Zones Based on our market research we set out our Housing Value Zones which will used to inform our value assumptions. This includes a review of second-hand data from the Land Registry as an additional data-set.

7) Residential Value Assumptions Based on our assessment of the residential market, we set out our value assumptions for the range of house types and tenures which will be tested.

Methodology

- 1.3 Below we set out our methodology for determining the value assumptions used in our plan level appraisals.

Overview

- 1.4 A national and regional market overview provides an overall opinion of the direction that the residential market is taking. This is based on the RICS UK residential property market survey which is published regularly. In addition, we utilise the Land Registry to review the average property prices in England and Wales and then across the Northumberland County.
- 1.5 Following this, we review the existing evidence base, including: the demographic forecasts 2016 and the SHMA 2017. These documents provide information on the tenure mix and the housing needs which inform our assumptions set out in our typologies matrix.

Market Research

- 1.6 Our market research is divided into new build achieved and new build asking, utilising the Land Registry, Rightmove and developer websites.
- 1.7 Firstly, we utilise the Land Registry, reviewing new build properties which have sold in the postcodes covering the National Park (Section 4). The purpose is to gain an understanding of achieved values across the County which will provide a benchmark for our value assumptions.
- 1.8 Secondly, we review new build developments currently 'on-site' within close proximity of the Northumberland National Park (section 5). This is to understand the up to date **asking values** associated with new build properties which can be used in our viability testing. It should be noted that asking prices may be aspirational, and may not reflect the incentives offered by the developer or the actual value a willing purchaser will pay.
- 1.9 For each section we provide a summary of the values which are used in forming our value assumptions.

Housing Value Zones

- 1.10 An important part of our market research is to consider whether or not there are housing value zones across the National Park and wider County. This will have an impact of the value assumptions we use and also our typologies which test the Local Plan policies.
- 1.11 To arrive at our housing value zone, we firstly consider any existing evidence to identify whether previous studies have identified zones.,

- 1.12 Following this, because the market evidence for new builds is limited, we reviewed second - hand transactions between November 2017 and November 2018. We have done this in order to identify whether or not there is a pattern of values across the Authority which can help formulate our Housing Value Zones.

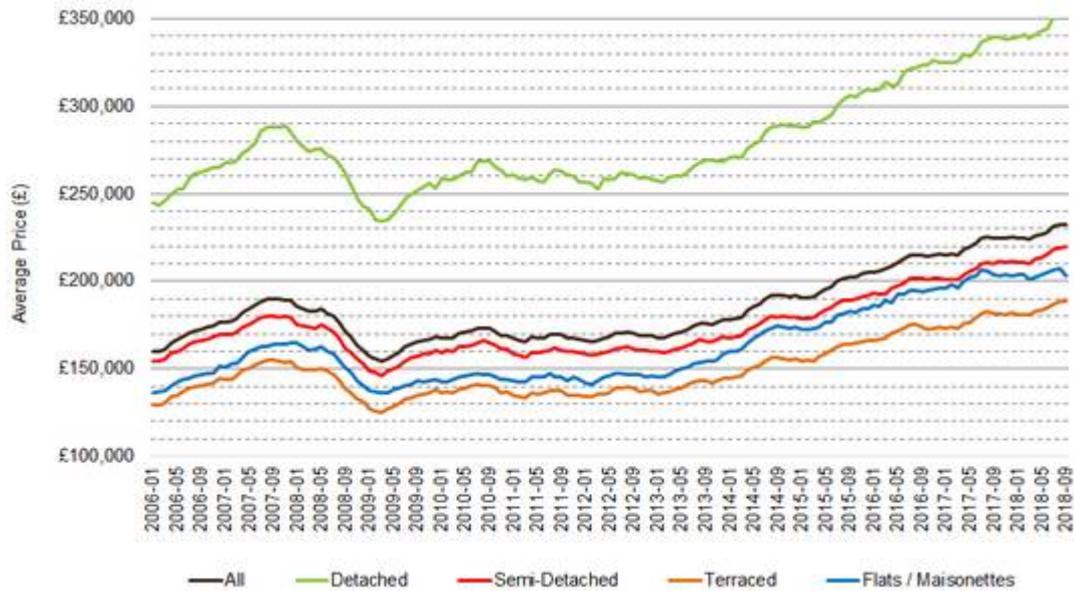
Residential Value Assumptions

- 1.13 Our value assumptions have regard to both the new build achieved and asking prices. The achieved values provide a benchmark for the assumptions whilst the asking prices allow us to 'sense check' our assumptions. We are mindful that they are often aspirational and therefore the asking prices aren't always achieved. We have also had regard to the premium as set out in the nationwide report.

2 National and Regional Market Overview

- 2.1 The RICS publishes a regular UK residential property market survey providing an overall opinion of the direction that the residential market is taking, along with commentary from surveyors from individual regions throughout the UK. The latest publication of this is December 2018 providing the following summary:
- Enquiries, agreed sales, and new instructions all soften again over the month;
 - Sales expectations point to a further decline in near term activity;
 - Headline price net balance slips slightly deeper into negative territory.
- 2.2 The December 2018 RICS UK Residential Market Survey results show the year ending on a weak note, with key activity indicators continuing to slip at the headline level. Political uncertainty (Brexit) is increasingly being cited as a constraint on the market, alongside the well-established challenges around affordability and a lack of stock available for purchase.
- 2.3 National sales volumes also continued to dwindle, looking beneath the headline averages, some areas saw a more positive trend, as sales picked up modestly in East Anglia, Wales, the North East and Northern Ireland. In terms of prices, the headline indicator slipped slightly deeper into negative territory during December, falling to -19% from a net balance of -11% in the previous survey. Looking ahead, while downward momentum in prices at the national level is expected to persist over the near term, the twelve-month outlook remains broadly flat. Furthermore, with exception of London and the South East, prices are anticipated to either rise or hold steady, right across the board.
- 2.4 Figure 2.1 shows that England and Wales experienced strong house price growth leading up to the 2007/08 financial crises. Following the financial crises average prices fell by around 19%. In the following few years there was uncertainty in the economy leading to a slow and unpredictable recovery in house prices. Since 2009 average prices have been steadily increasing, at first driven by strong house price growth in London which then filtered out across the regions.
- 2.5 Average prices in England and Wales are now in excess of the 2007/08 peak (£190,032) at £232,554 equating to a 22% increase in values.

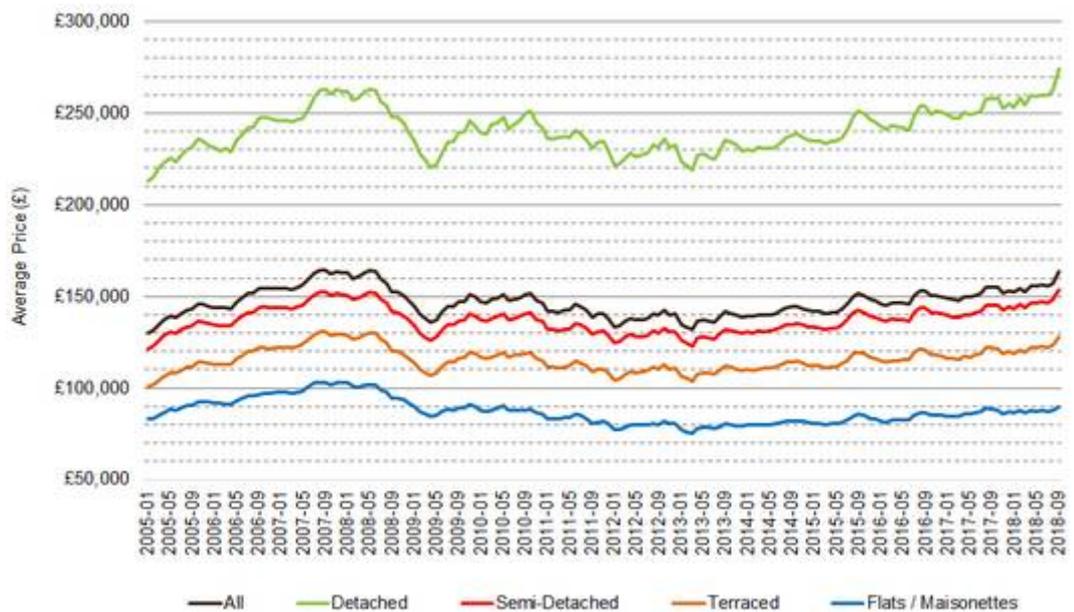
Figure 2.1 - Average House Prices in England and Wales



Source: Land Registry (December, 2018)

2.6 Northumberland National Park is the northernmost national park in England and covers an area of more than 410 square miles (1,061 square kilometres). The Park lies entirely within Northumberland, covering about a quarter of the County and is the least populated English National Park.

Figure 2.2 - Northumberland Average Prices



Source: Land Registry (December, 2018)

- 2.7 Figure 2.2 above shows how the average prices in Northumberland have generally followed the national trend. Again, leading up to the 2007/2008 financial crises, houses price inflation was strong. Following the 2007/08 peak, average prices fell by around 22%. At the end of 2018, across all property types in Northumberland the average price is still -0.45% below the average prices before the financial crash.

3 Existing Evidence Base

3.1 We have undertaken a review of the existing evidence base which comprises the following studies:

- Real Site Types – Development Appraisals – June 2016;
- Northumberland National Park – Demographic Forecasts July 2016;
- Northumberland National Park – SHMA – May 2017.

Real Site Types – Development Appraisals – June 2016

3.2 Northumberland County Council commissioned the District Valuer Services in June 2016 to undertake viability appraisals of residential site typologies. At the time of undertaking this report, Northumberland County Council was in the process of developing their core strategy. The Council were therefore looking to ensure that through a robust evidence-based assessment, that the Northumberland Core Strategy would be deliverable and achievable.

3.3 Table 3.1 below sets out a summary of the sales evidence that was used for the various appraisals across the County. It should be noted that this evidence is of sites that are out-with the National Park.

Table 3.1 - Summary of Sales Evidence

Site	Age of comparable	Developer	Number of Transactions	Average price achieved (£ psm)
Ponteland	2014 - 2016	Bellway Homes	28	£2,818
Hexham	2000 - 2009	Unknown	13	£2,031
Prudhoe	2013 - 2016	Gentoo Homes	15	£2,072
Berwick	2015	Hudson Homes	13	£1,834
Wooler	2013 - 2016	Persimmon	14	£1,501
Haltwhistle	2000 -2009	Unknown	5	£1.694
Seaton Delaval	2013 - 2016	Bellway Homes	77	£1,842

Blyth	2014 - 2015	Taylor Wimpey	87	£1,840
Ashington	2014 - 2015	Persimmon	53	£1,661

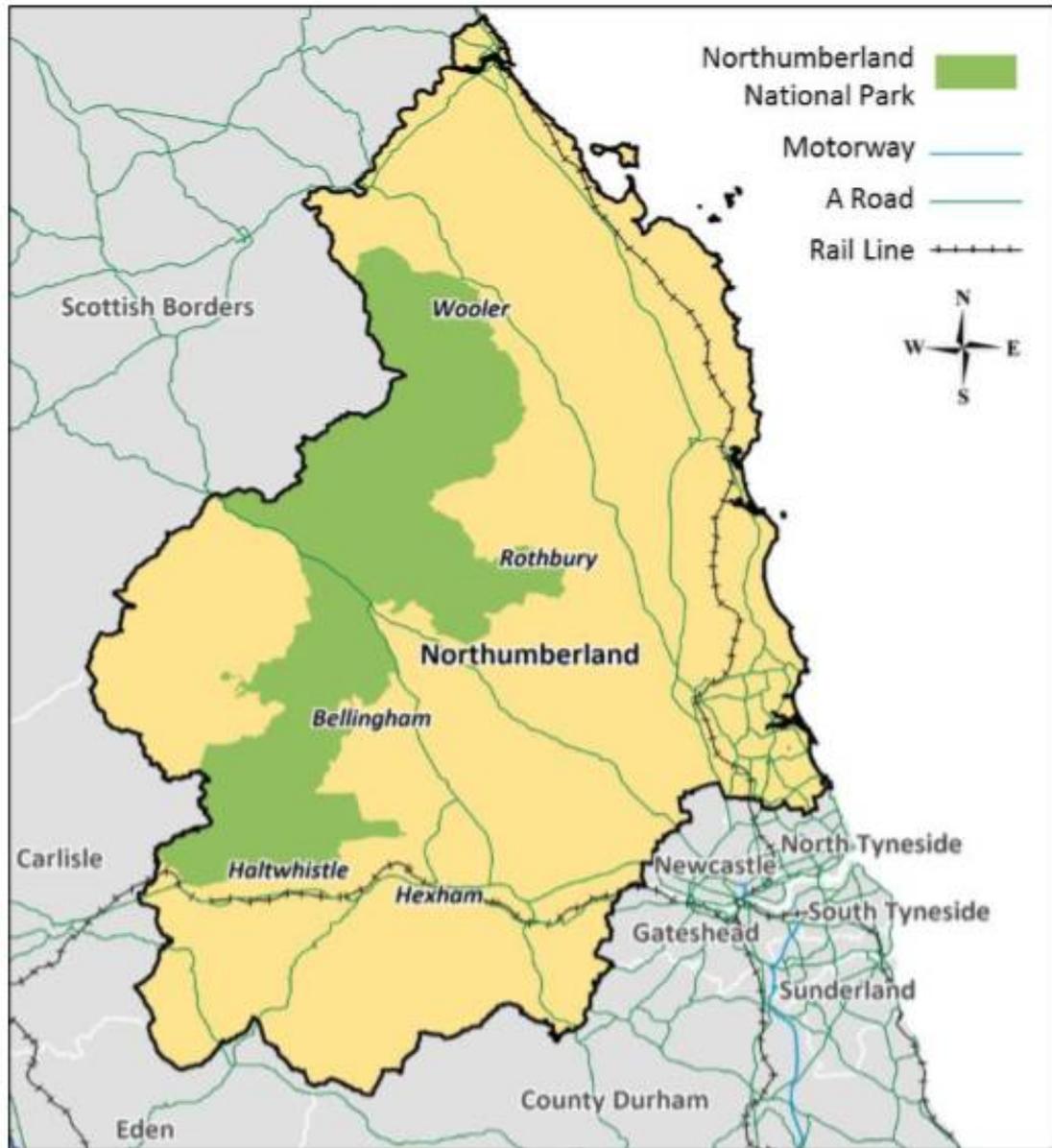
Source: Real Site Types – Development Appraisals - June 2016 (February, 2019)

- 3.4 The District Valuer Services report does not contemplate values within the National Park.

Northumberland National Park – Demographic Forecasts July 2016

- 3.5 Northumberland National Park is bordered by the settlements of Wooler, Rothbury, Bellingham and Haltwhistle.

Figure 3.1 - Northumberland National Park

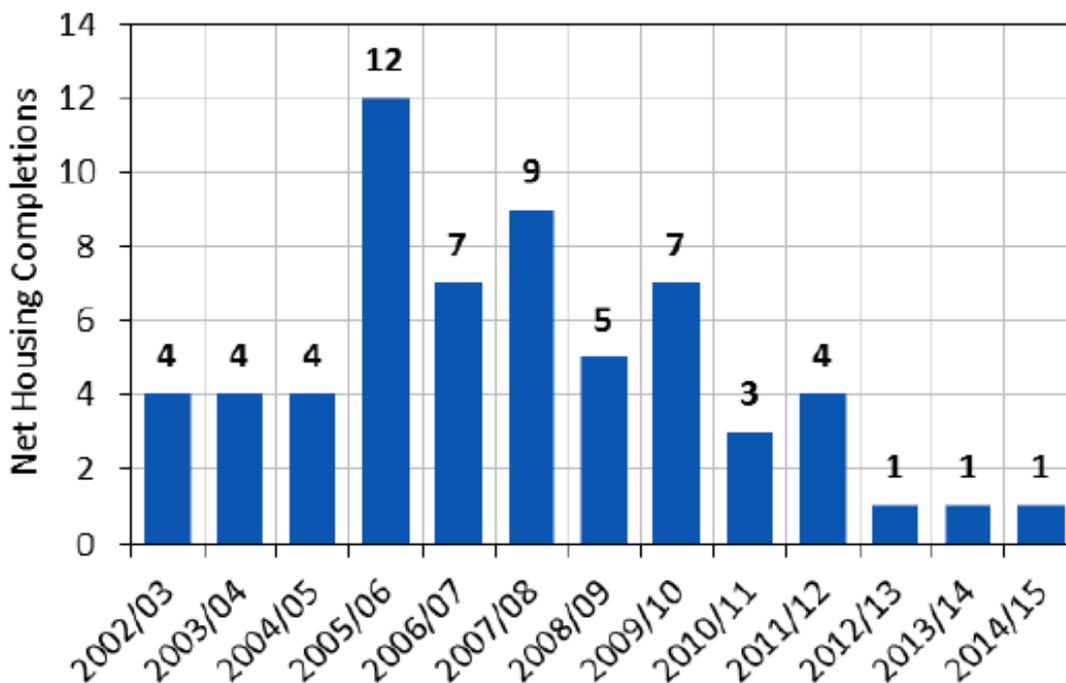


Source: Northumberland National Park Demographic Forecasts – July 2016 (February, 2019)

- 3.6 Over the 2001–2014 period, the profile of the National Park's population has aged, with the proportion of the population in the older age groups increasing relative to the population in the younger age groups. Between 2001 and 2014, the proportion of the population aged 65+ living in Northumberland National Park increased from 16% to 24%.

3.7 Since 2002/03, 62 dwellings have been built in the Northumberland National Park, with the majority completed between 2005/06 and 2009/10. Whilst the size of the population resident in the National Park has remained relatively stable over the historical period there was a small amount of population growth between 2005/06 and 2007/08, following the spike in dwelling completions in 2005/06.

Figure 3.2 - Net Housing Completions



Source: extract from Northumberland National Park Demographic Forecasts – July 2016 (February, 2019)

Northumberland National Park – SHMA – May 2017

3.8 The SHMA explores the housing market dynamics of Northumberland National Park, focusing on: demographic and household patterns; economic characteristics; current stock profile and tenure; and housing need.

3.9 For the purposes of this residential paper we have focussed on:

- Key Market Drivers.
- The current dwelling stock profile.
- Owner occupied market.
- Housing Market Area.
- Dwelling Mix.
- Affordable Housing Tenure Split.

Key Market Drivers

3.10 The following demographic drivers influence the operation of the Northumberland National Park area:

- A static population in terms of size, with a projected population of 2,041 in 2037 compared with 2,025 in 2016.
- The number of people of retirement age (women aged 60+ or men aged 65+) is projected to increase by 62.6% (394 additional people) between 2016 and 2037.
- The overall proportion of people aged 60/65 and over is projected to increase from almost one-third (31.1%) in 2016 to a half (50.1%) in 2037.¹

The current dwelling stock profile

3.11 Figure 3.3 reviews the profile of occupied dwelling stock by size and type across Northumberland National Park. Overall, the vast majority (97.6%) of properties are detached houses or bungalows.²

Figure 3.3 - Property size and type

Dwelling type	Number	%
Detached house/bungalow	648	59.7
Semi-detached house/bungalow	256	23.6
Terraced house/bungalow	155	14.3
Flat/maisonette/apartment/mobile home	26	2.4
Total	1,085	100.0

Source: SHMA - May 2017 (February, 2019)

3.12 In terms of the tenure profile of Northumberland National Park Overall, based on the 2011 Census, 58.4% of occupied dwellings are owner-occupied, 35.3% are private rented (including living rent free or tied accommodation) and 6.2% are affordable accommodation (mainly social rented).³

Owner Occupied Market

3.13 Between 2005 and 2011, median prices in Northumberland National Park were *consistently higher* than the median prices for the North East region, Northumberland County and England. However, since 2012 there has been a more fluctuating trend in the median house prices within

¹ Northumberland National Park – SHMA - Page 23

² Northumberland National Park – SHMA - Page 25

³ Northumberland National Park – SHMA - Page 25

the National Park, typically being below the national average but usually higher than the median house prices for the county and region.⁴

- 3.14 Overall, median house prices in the National Park have increased slightly, from £190,000 in 2005 to £192,500 in 2016.⁵
- 3.15 Figure 3.4 compares median house price change in Northumberland National Park with Northumberland County, the North East and England over the period 2005 to 2016. This indicates that price change in the National Park has been below that of most of the neighbouring districts, with a median house price change of +1.3% compared with +16.7% across Northumberland as a whole and +11.1% across the North East region.⁶

Figure 3.4 - Comparative Median House Prices

Location	Median price by year (£)		% change 2005-2016
	2005	2016	
England	£157,500	£210,000	+33.3%
Northumberland	£120,000	£140,000	+16.7%
North East	£108,000	£120,000	+11.1%
Northumberland National Park	£190,000	£192,500	+1.3%

Source: SHMA - May 2017 (February, 2019)

Housing Market Area

- 3.16 The National Park is one of the most sparsely populated areas of the country and exhibits close interactions with the 'gateway' settlements of Wooler, Haltwhistle, Bellingham and Rothbury.
- 3.17 Given the statutorily defined boundary of the National Park, it is an appropriate Housing Market Area for planning purposes.⁷

Dwelling Mix

- 3.18 Figure 3.5 below set out the dwelling mix based on an overall housing requirement of 160 dwellings over the Plan Period (based on the delivery of 8 dwellings each year).
- 3.19 It also assumes an overall requirement for 40 affordable and 120 market dwellings that establishes a 75% market and 25% affordable tenure split.

⁴ Northumberland National Park – SHMA - Page 26

⁵ Northumberland National Park – SHMA - Page 26

⁶ P Northumberland National Park – SHMA - Page 27

⁷ Northumberland National Park – SHMA - Page 44

Figure 3.5 - Dwelling Mix

Overall dwelling size mix	Market (%)	Affordable (%)	Overall (%)
1 Bed	13.5	55.0	23.9
2 Beds	40.5	30.0	37.9
3 Beds	32.4	10.0	26.8
4 Beds	13.6	5.0	11.5
Total	100.0	100.0	100.0
Base	120	40	160
Overall dwelling size mix	Market (No.)	Affordable (No.)	Overall (No.)
1 Bed	16	22	38
2 Beds	49	12	61
3 Beds	39	4	43
4 Beds	16	2	18
Total	120	40	160

Source: SHMA May 2017 (February, 2019)

- 3.20 The analysis indicates that 61.8% of new dwellings should be smaller 1 - and 2 - bedroom properties, 26.8% 3 - bedroom properties and 11.5% 4 - bedroom properties.

Affordable Housing Tenure Split

- 3.21 Recent studies by arc4 have evidenced tenure splits in the range 55% - 78% for rented and 23% - 45% for intermediate tenure based on household preferences and the relative affordability of intermediate tenure options derived from household surveys.
- 3.22 Additionally, the 2012 Household Survey found that, whilst young people aspire to live independently, they typically have no savings and limited budgets so cannot immediately afford to buy a home of their own.

4 New Build Achieved Values

- 4.1 We have carried out a market review of new build achieved values within the postcode areas which cover the National Park Authority between November 1st 2017 – November 1st 2018. This has been based on a detailed analysis of the Land Registry new build achieved values, cross-referenced, on an address-by-address basis (approx. 72 transactions) (we note that none of the transactions which we have reviewed were actually within the National Park – this is explained in further detail below), to the floor areas published on the EPC (Energy Performance Certificate) database in order to derive the achieved values (£ per square meter). This gives a good baseline for comparing the average values across the Authority as it devalues each house type to a value per square meter (£ psm). This is also consistent with the build cost rates £ psm from the BCIS.
- 4.2 We have removed the extremely high values and ‘one – off’ properties from the dataset – to focus on the ‘typical’ new units and to avoid skewing the results.
- 4.3 It should also be noted that the Land Registry data for new build achieved values contains a ‘PPD Category Type’ which is defined on the gov.uk website as:

“Indicates the type of Price Paid transaction”

A = Standard Price Paid entry, includes single residential property sold for full market value.

B = Additional Price Paid entry including transfers under a power of sale/repossessions, buy-to-lets (where they can be identified by a Mortgage) and transfers to non-private individuals.

Note that category B does not separately identify the transaction types stated. HM Land Registry has been collecting information on Category A transactions from January 1995. Category B transactions were identified from October 2013.”⁸

- 4.4 For the purposes of this research, we have excluded new build achieved data that falls under category B as the transactions consistently presented discounted transfer values to those provided under category A, therefore not providing a reflection of the true full market value.
- 4.5 Further to this, we have also excluded flats from our analysis as we are not testing them within our typologies.

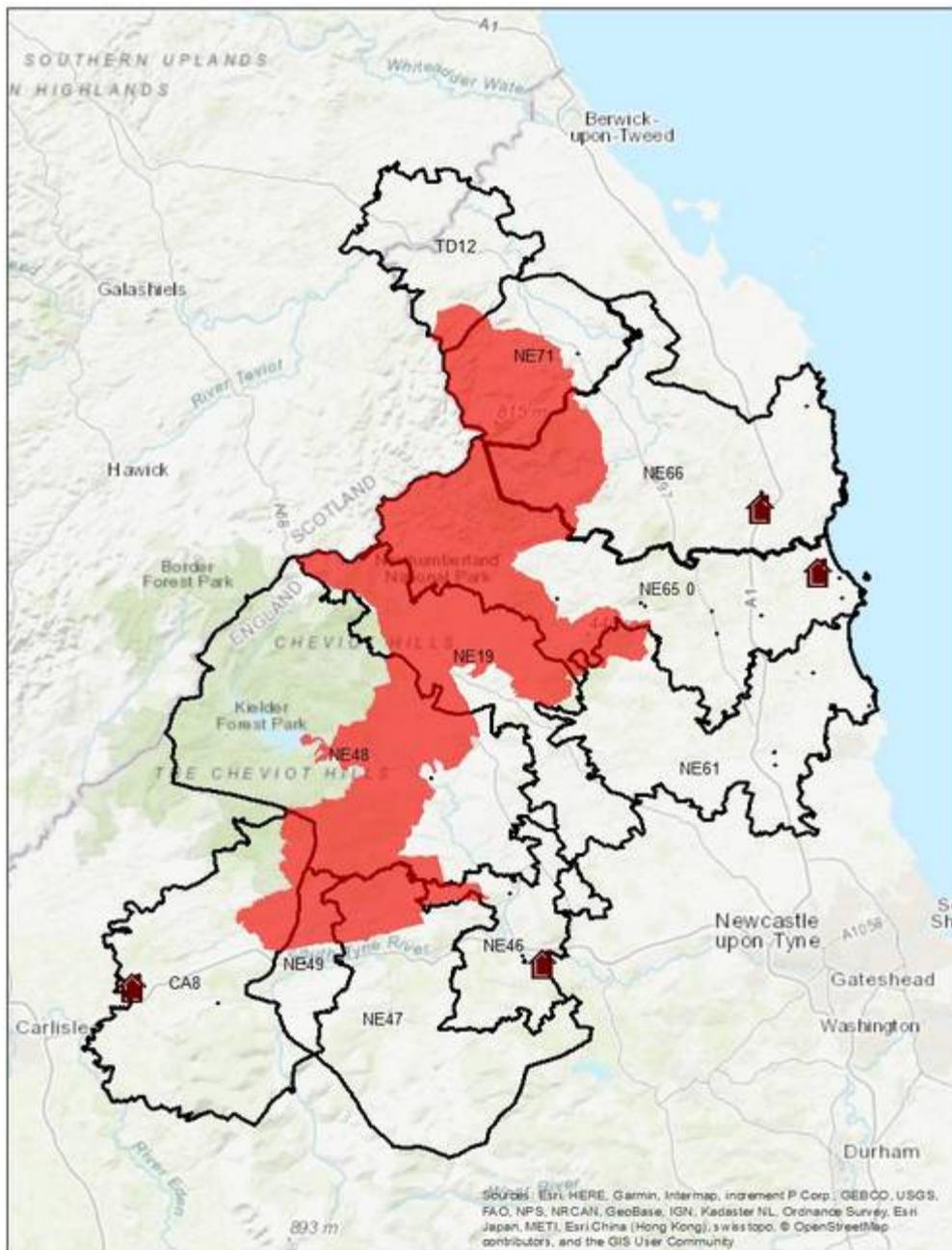
⁸ Price Paid Data Guidance, 14th August 2014 (<https://www.gov.uk/guidance/about-the-price-paid-data>)

Average Achieved Values – by postcode

4.6 Figure 4.1 below sets out the following;

- Northumberland National Park Authority Boundary (NNPA) – highlighted in red.
- Postcodes which cover the NNPA.
- Location of new build properties sold within our review period.

Figure 4.1 - Postcode areas / New Build Activity



Source: Land Registry - November 2018 (February, 2019)

4.7 72 new build properties have been sold and recorded on the Land Registry between November 1st 2017 – November 1st 2018. All of these transactions have occurred outside of the Authority boundary, in the following postcode areas; NE66 1, NE65 0, CA8 1 and NE46 1. More specifically, in the towns of the Brampton, Hexham, Morpeth and Alnwick.

NE46 1 Postcode Area

4.8 Table 4.1 provides a summary of the 18 new build properties sold and recorded on the Land Registry between November 1st 2017 - November 1st 2018 in the NE46 1 postcode area, all of which were detached properties.

Table 4.1 - Summary of new build properties sold in NE46 1

	Price Paid (£)	EPC (sqm)	£ psm
Minimum	£264,995	115	£1,596
Average	£363,330	145	£2,579
Median	£332,495	127	£2,641
Maximum	£535,000	220	£3,740

Source: Land Registry - November 2017 /18 (February, 2019)

NE65 0 Postcode Area

4.9 Table 4.2 provides a summary of the 30 new build properties sold and recorded on the Land Registry between November 1st 2017 - November 1st 2018 in the NE65 0 postcode area. We set out below the types of the units sold and the range of floor areas;

- 17 detached units: 79 – 156 sqm.
- 6 terrace units: 55 – 85 sqm.
- 7 semi-detached units: 70 – 114 sqm.

Table 4.2 - Summary of new build properties sold in NE65 0

	Price Paid (£)	EPC (sqm)	£ psm
Minimum	£130,700	55	£1,198
Average	£250,252	106	£2,309
Median	£220,350	104	£2,343
Maximum	£469,700	166	£3,482

Source: Land Registry - November 2017 /18 (February, 2019)

NE66 1 Postcode Area

4.10 Table 4.3 provides a summary of the 23 new build properties sold and recorded on the Land Registry between November 1st 2017 - November 1st 2018 in the NE65 0 postcode area. We set out below the types of the units sold and the range of floor areas;

- 18 detached units: 87 – 146 sqm.
- 5 semi-detached units: 80 – 102 sqm.

Table 4.3 - Summary of new build properties sold in NE66 1

	Price Paid (£)	EPC (sqm)	£ psm
Minimum	£184,995	80	£1,411
Average	£242,430	103	£2,393
Median	£236,995	101	£2,414
Maximum	£326,995	146	£3,208

Source: Land Registry - November 2017 /18 (February, 2019)

CA8 1 Postcode Area

4.11 One new build property was sold and recorded on the Land Registry between November 1st 2017 - November 1st 2018 in the CA8 1 postcode area.

4.12 The detached property sold for £549,995 with a floor area of 233 sqm equating to £2,360 per sqm.

Average Achieved Values – by property type

4.13 We have analysed the data further on a property type basis (i.e. terrace, semi-detached and detached). The values presented below are on a price per square meter (£ psm) basis. This will begin to inform our value assumptions which will be used in our appraisals.

Terraced Properties

4.14 Table 4.4 provides a summary of the 6 new build terraced properties sold and recorded on the Land Registry between November 1st 2017 - November 1st 2018.

Table 4.4 - Summary of terraced properties

	Price Paid (£)	EPC (sqm)	£ psm
Minimum	£130,700	55	£1,538
Average	£161,500	80	£2,050
Median	£137,825	85	£1,939
Maximum	£237,950	85	£2,799

Source: Land Registry - November 2017 /18 (February, 2019)

Semi – Detached Properties

4.15 Table 4.5 provides a summary of the 12 new build terraced properties sold and recorded on the Land Registry between November 1st 2017 - November 1st 2018.

Table 4.5 - Summary of semi - detached properties

	Price Paid (£)	EPC (sqm)	£ psm
Minimum	£139,950	70	£1,804
Average	£212,498	91	£2,341
Median	£209,495	99	£2,343
Maximum	£344,700	114	£3,482

Source: Land Registry - November 2017 /18 (February, 2019)

Detached Properties

4.16 Table 4.6 provides a summary of the 54 new build terraced properties sold and recorded on the Land Registry between November 1st 2017 - November 1st 2018.

Table 4.6 - Summary of detached properties

	Price Paid (£)	EPC (sqm)	£ psm
Minimum	£134,200	79	£1,198
Average	£308,415	127	£2,458
Median	£309,000	124	£2,477
Maximum	£549,995	233	£3,740

Source: Land Registry - November 2017 /18 (February, 2019)

Average Achieved Values - by number of beds

4.17 The Land Registry does not provide details of the number of bedrooms and therefore we have made the following assumptions having regard to the Nationally Described Space Standards set out by DCLG.

Figure 4.2 - Nationally Described Space Standards

Number of bedrooms(b)	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built-in storage
1b	1p	39 (37) ²			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

Source: DCLG - September 2015 (January, 2019)

4.18 We have assumed that all properties (detached, semi-detached and terrace) are two storeys and have the following floor areas;

- Up to 69 sqm – 1 bed
- 70 – 80 sqm – 2 bed
- 81 – 100 sqm – 3 bed
- 101 – 130 sqm – 4 bed
- 131+ - 5 bed+

4.19 Table 4.7 provides a summary of the 72 new build properties sold between November 1st 2017 – November 1st 2018. The properties have been organised by the number of beds so as to work out the range of absolute values for one, two, three and four bedrooms. We are not testing five-bedroom properties in our typology matrix but have included them within the table for completeness.

Table 4.7 - Range of Absolute Values by number of beds

No of Beds (number)	Minimum	Average	Median	Maximum
One Bed (1)	£139,950	£139,950	£139,950	£139,950
Two Bed (6)	£139,950	£172,257	£174,848	£212,995
Three Bed (16)	£130,700	£209,417	£214,995	£344,700
Four Bed (37)	£134,200	£293,177	£304,995	£474,995
Five Bed (10)	£205,995	£400,139	£393,498	£549,995

Source: Land Registry - November 2017 /18 (February, 2019)

4.20 Table 4.8 provides a summary of the 72 new build properties sold between November 1st 2017 – November 1st 2018 on a per sqm basis (£ psm). This is subject to the assumptions above in respect of unit floor areas.

Table 4.8 - Range of £ psm by number of beds

No of Beds (number)	Minimum	Average	Median	Maximum
One Bed (1)	£2,544	£2,544	£2,544	£2,544
Two Bed (6)	£1,999	£2,291	£2,333	£2,662
Three Bed (16)	£1,538	£2,315	£2,379	£3,482
Four Bed (37)	£1,198	£2,484	£2,543	£3,740
Five Bed (10)	£1,441	£2,325	£2,280	£3,586

Source: Land Registry - November 2017 /18 (February, 2019)

New Build Achieved Summary

4.21 Our market review of new build transactions between November 1st 2017 and November 1st 2018 has seen 72 properties sold and recorded on the Land Registry. All of these new build properties sold outside of the National Park Authority boundary as seen in Figure 4.1.

4.22 These values will provide a benchmark for our value assumptions.

By Postcode

4.23 Within our review period, four postcode areas which cover the National Park Authority have seen new build properties sold. These are NE66 1, NE65 0, CA8 1 and NE46 1.

4.24 The median achieved values are as follows;

- NE65 0: £220,350 £2,343 psm
- NE66 1: £236,995 £2,414 psm
- NE46 1: £332,495 £2,641 psm
- CA8 1: one detached property sold £549,995 with a floor area of 233 sqm which equates to £2,360 psm.

By Property Type

4.25 We analysed the data on a property type basis both in terms of absolute values and on per sqm basis.

4.26 The median achieved values are as follows;

- Terraced: £137,825 £1,939 psm
- Semi Detached: £209,495 £2,343 psm

- Detached: £309,000 £2,477 psm

By number of Beds

4.27 We have analysed the data on a per bed basis both in terms of absolute values and on per sqm basis.

4.28 The median achieved values are as follows;

- One bed: £139,950 £2,544 psm
- Two bed: £174,848 £2,333 psm
- Three bed: £214,995 £2,379 psm
- Four bed: £304,995 £2,543 psm
- Five bed: £393,498 £2,280 psm

4.29 Our market research shows that on a per sqm basis, the values are relatively similar surrounding the authority on a postcode, property type and per bed basis.

4.30 We are not aware that these values include a National Park Premium. The latest Nationwide House Price Index report (July 2017) highlights the following;

- 22% premium for a property situated within a National Park
- 5% premium for a property within 5 km of a National Park

4.31 In forming our value assumptions, we will have regard to this premium.

5 New Build Asking Prices

- 5.1 We have reviewed a number of new build developments currently ‘on-site’ within close proximity of the Northumberland National Park (again there are a no new-build schemes currently on-site within the Park). This is to understand the up to date **asking values** associated with new build properties which can be used in our viability testing.
- 5.2 It should be noted that asking prices may be aspirational, and may not reflect the incentives offered by the developer or the actual value a willing purchaser will pay.
- 5.3 The RICS information paper on comparable evidence in property valuation⁹ states that asking prices ‘cannot by themselves provide reliable evidence of value and should be treated with some caution. They will usually vary from the price achieved on exchange in the open market, but when interpreted with care by an experienced valuer they can provide some guidance as to current market sentiment and trends in value.’ Thus, whilst the achieved value data (from the Land Registry in section 4 above) provides robust data, this is retrospective. The asking price analysis in this section provides an indication of more-up-to-date prices for new builds.
- 5.4 It is important to note that in arriving at our value assumptions for the appraisals will have had regard to the new build asking prices, but put more weight on the transactional data (section 4). We have also considered the assumptions for the appraisal ‘in the round’ e.g. having regard to the marketing cost assumptions for sales incentives and discounts (from the headline asking prices).
- 5.5 Finally, it is important to note that the supply (‘flow’) of new build properties has to be sold within a market place that includes an established ‘stock’ of competing second-hand properties. The asking price is therefore tempered by the wider price mechanism.
- 5.6 As previously described the National Park boundary does not reflect any administrative or standard boundaries as the designation is landscape-based rather than population or politically based. Northumberland National Park is bordered by the settlements of Wooler, Rothbury, Bellingham and Haltwhistle.
- 5.7 We have undertaken a review on Rightmove for new build properties which are currently on the market in the Northumberland National Park and surrounding area. As expected, there are no new builds currently on the market in the National Park. We have therefore looked to review new build properties which are for sale on the outskirts of the National Park.

⁹ Comparable evidence in property valuation, RICS information paper, 1st edition (IP 26/2012)

Birkey Heights - Acomb

5.8 Birkey Heights offers a range of three, four- and five-bedroom new homes for sale in Acomb. A development by Avant Homes, located circa 1.2 miles from Hexham train station which provides a direct rail link into Newcastle.

5.9 Table 5.1 provides a summary of the properties currently on the market at this development.

Table 5.1 - New Build Asking - Birkey Heights

Property Type	Asking Price (£)
Three Bed Semi Detached	£234,950
Three Bed Semi Detached	£239,950
Four Bed Detached	£434,950
Four Bed Detached	£434,950
Five Bed Detached	£459,950

Source: Avant Homes (January, 2019)

Cragside Gardens – Rothbury

5.10 Cragside Gardens offers a range of three and four bedroom new homes for sale situated in Rothbury. A development by Robertson Homes, located circa 10 miles from Acklington train station which provides routes into Newcastle. The coastal village of Alnmouth is circa 20 miles to the East of the town of Rothbury.

5.11 Table 5.2 provides a summary of the properties currently on the market at this development.

Table 5.2 - New Build Asking - Cragside Gardens

Property Type	Asking Price (£)	sqm	£ psm
Four Bed Detached	£424,950	172	£2,470
Four Bed Detached	£379,950	164	£2,317
Four Bed Detached	£359,950	152	£2,368
Four Bed Detached	£344,950	152	£2,269
Four Bed Detached	£309,950	140	£2,214
Three Bed Semi Detached	£249,950	118	£2,118

Source: Robertson Homes (January, 2019)

Thornton Gate – Newbrough

5.12 Thornton Gate offers a range of four and five bedroom new homes for sale situated in Newbrough, on the periphery of Fourstones (village in Northumberland). A development by Partner Homes, located circa 3 miles from Hexham train station which provides a direct rail link into Newcastle.

5.13 Table 5.3 provides a summary of the properties currently on the market at this development.

Table 5.3 – New Build Asking – Thornton Gate

Property Type	Asking Price (£)
Four Bed Detached	£325,000
Four Bed Detached	£350,000
Five Bed Detached	£375,000

Source: Partner Homes (January, 2019)

New Build Asking Summary

5.14 Table 5.4 provides a summary of the new build asking prices by property. The values presented below will be used to 'sense check' our value assumptions set out section 7.

Table 5.4 - Summary of New Build Asking Prices

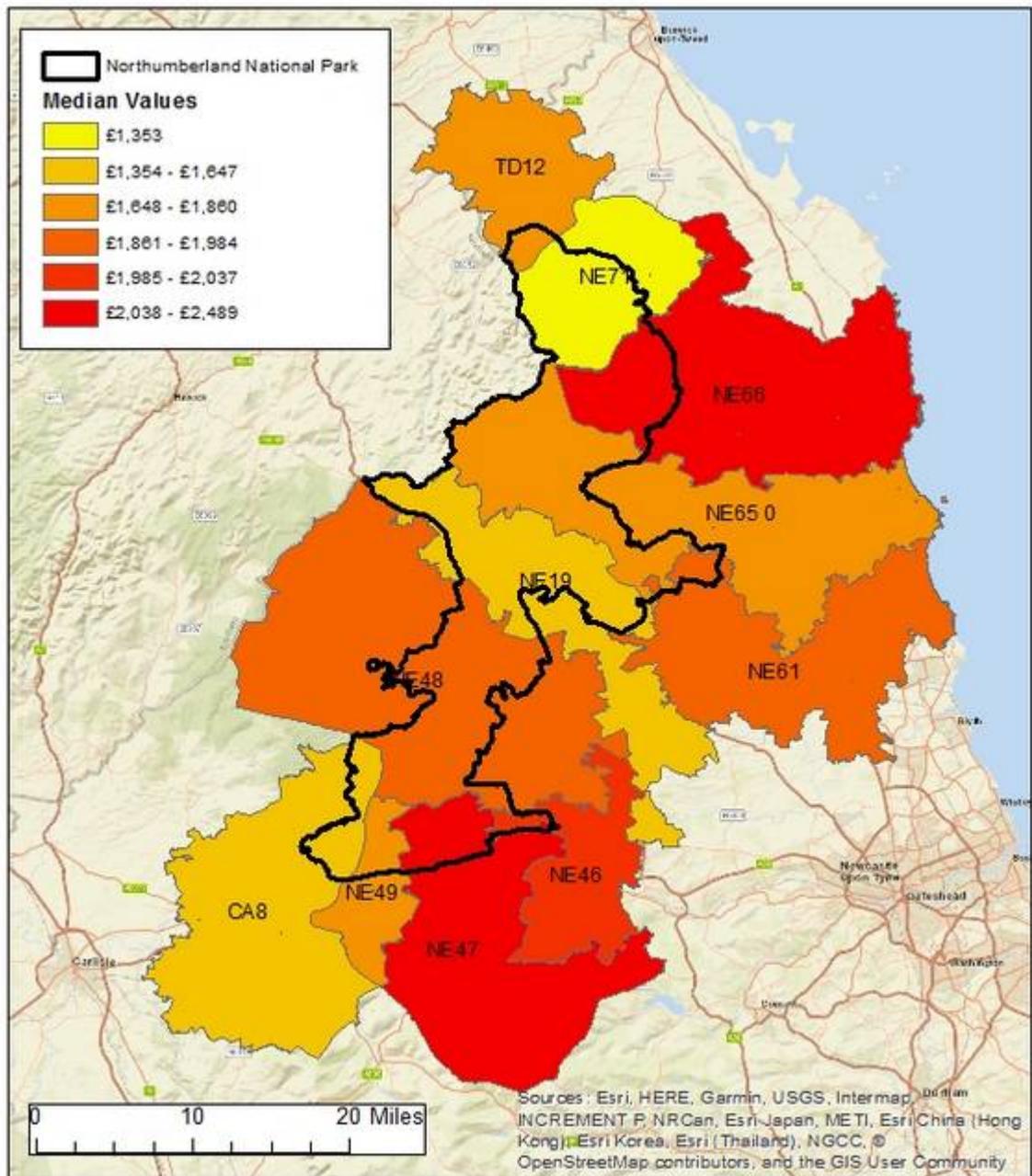
Property Type	Asking Price range (£)
Three Bed Semi Detached	£234,950 - £349,950
Four Bed Detached	£309,950 - £434,950
Five Bed Detached	£375,000 - £459,950

Source: Various agent and developer websites (January 2019)

6 Housing Value Zones

- 6.1 Our market research set out above highlights the following;
- There have been no new build properties sold in the National Park Authority area within our review period; and
 - There are no new build developments currently on site within the National Park Authority.
- 6.2 Due to the market evidence for new builds being limited, we have reviewed second - hand transactions between November 2017 and November 2018. We have done this in order to identify whether or not there is a pattern of values across the Authority which can help formulate our Housing Value Zones.
- 6.3 We have removed the higher values and 'one – off' properties from the dataset – to focus on the 'typical' units and avoid skewing the results.
- 6.4 The choropleth map shows the median values on a per sqm basis for detached, semi -detached and terraced second hand properties sold and recorded on the Land Registry between November 2017 and November 2018.

Figure 6.1 - Second Hand Achieved Values



Source: Land Registry - November 2018 (February, 2019)

6.5 Table 6.1 out the range of absolute values achieved by second-hand properties which have been sold and recorded on the Land Registry between November 2017 and November 2018.

Table 6.1 - Summary of absolute achieved values (£) - second hand properties

Postcode	Minimum	Average	Median	Maximum	Total Units
CA8 1	£105,000	£159,318	£157,500	£249,950	36
NE19 1	£130,000	£162,790	£164,000	£195,000	5
NE64 1	£125,000	£234,373	£204,500	£430,000	24
NE47 0	£212,000	£408,000	£401,750	£599,000	8
NE48 1	£159,000	£200,750	£192,000	£260,000	4
NE49 0	£145,000	£176,875	£168,750	£225,000	4
NE61 1	£106,000	£202,651	£195,000	£380,000	44
NE65 0	£93,000	£191,997	£165,500	£406,000	88
NE66 1	£108,000	£197,560	£174,500	£335,000	14
NE71 6	£105,000	£169,333	£145,000	£250,000	15
TD12 4	£147,500	£218,075	£235,000	£285,000	6

Source: Land Registry November 2017 - November 2018 (January, 2019)

6.6 Table 6.2 sets out the range of values on a psm basis achieved by second-hand properties which have been sold and recorded on the Land Registry between November 2017 and November 2018.

Table 6.2 - Summary of achieved values (£ psm) - second hand properties

Postcode	Minimum	Average	Median	Maximum	Total Units
CA8 1	£875	£1,674	£1,720	£2,792	36
NE19 1	£1,204	£1,625	£1,726	£1,970	5
NE64 1	£1,114	£2,119	£2,037	£3,772	24
NE47 0	£1,473	£2,283	£2,412	£2,866	8
NE48 1	£1,754	£2,021	£1,984	£2,364	4
NE49 0	£1,330	£1,979	£2,024	£2,539	4
NE61 1	£1,442	£2,042	£1,940	£3,423	44
NE65 0	£1,021	£2,049	£1,870	£5,000	88
NE66 1	£1,067	£2,195	£2,242	£3,418	14
NE71 6	£1,154	£1,647	£1,453	£2,875	15
TD12 4	£848	£1,798	£1,823	£2,875	6

Source: Land Registry November 2017 - November 2018 (January, 2019)

6.7 The map (Figure 6.1) shows that the values are slightly higher long the A69 corridor (Hexham, Corbridge etc.) and in NE66. However, the postcode areas are generally very large when compared to a more urban area and which makes distinguishing housing market areas difficult. Given the pattern of second-hand values and the lack of evidence in respect of new-build values and sparseness of development we are content that the National Park be treated as a single value zone for our purposes (as is the case with the SHMA).

7 Residential Value Assumptions

- 7.1 Following our market research, we have sought to attribute an absolute value for a ‘standard’ 1, 2, 3, and 4-bedroom properties (reflecting our typologies). This has been achieved by:
- Reviewing new-build achieved values – our market research identified 72 new build properties which had sold between 1st November 2017 and 1st November 2018. As evidenced in Figure 4.1, these transactions all occurred outside of the Authority boundary.
 - Reviewing new-build asking prices – our market research identified four developments which are currently onsite and have listings on agent and developers’ websites.
 - Reviewing second-hand detached, semidetached and terraced properties sold between November 2017 and November 2018. This was to identify whether or not the Authority had housing value zones which could be used to assist our value assumptions.

Value Assumptions

- 7.2 Based on our market assessment of the Northumberland National Park we consider there to be one value zone which extends across the Authority.
- 7.3 We note that our market research (both new and second research) has identified a broad spectrum of values for various property types across our study area. Arriving at our value assumptions has been challenging due to the nature of the likely units which could come forward in the National Park (i.e. high quality, stone facades etc.).
- 7.4 Our value assumptions have had regard to both the new build achieved and asking prices. The achieved values provide a benchmark for the assumptions whilst the asking prices allow us to ‘sense check’ our assumptions. We are mindful that they are often aspirational and therefore the asking prices aren’t always achieved.
- 7.5 We have therefore focused on the medium and maximum values presented in section 4 whilst having regard to the premium as set out in the nationwide report.
- 7.6 The assumptions set out in this report have been tested at our stakeholder workshop (25th March 2019).

7.7 Table 7.1 - Absolute Value Assumptions shows our value assumptions for the various size of unit (number of beds) and tenure types. Table 7.2 - £ psm Value Assumptions shows the values on a per sqm basis.

7.8 The Market Values represent unencumbered market values based on the evidence set out above. These values are then discounted to arrive at our assumptions for Principal Residency homes (95% of Market Value); Local Connection (80% of Market Value), Affordable Rent homes (70% of Market Value); and, Low Cost Home Ownership (60% of Market Value).

Table 7.1 - Absolute Value Assumptions

No of Beds	Floor Area	Market Value (MV)	Principal Residency	Local Connection	Affordable Rent	LCHO (Shared Ownership)
			95%	80%	70%	60%
1	60	£190,000	£180,500	£152,000	£133,000	£114,000
2	75	£215,000	£204,250	£172,000	£150,500	£129,000
3	85	£300,000	£285,000	£240,000	£210,000	£180,000
4	118	£425,000	£403,750	£340,000	£297,500	£255,000

Source: AspinallVerdi (February, 2019)

Table 7.2 - £ psm Value Assumptions

No of Beds	Floor Area	Market Value (MV)	Principal Residency	Local Connection	Affordable Rent	LCHO (Shared Ownership)
			95%	80%	70%	60%
1	65	£2,923	£2,777	£2,338	£2,046	£1,754
2	75	£2,867	£2,723	£2,293	£2,007	£1,720
3	85	£3,529	£3,353	£2,824	£2,471	£2,118
4	118	£3,602	£3,422	£2,881	£2,521	£2,161

Source: AspinallVerdi (February, 2019)

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