

House Prices and Affordability

Key points:

- Average house prices in Cornwall are £270,079. There are significant differences between average house prices for areas within Cornwall.
- House prices have shown strong growth since June 2020 and were 15% higher in April 2021 than the same time last year.
- House prices are 9 times average earnings, this varies greatly between local authorities and small areas.
- Estate agents and press report that demand for properties and rentals in Cornwall is strong, with Rightmove reports that Cornwall is the number one searched location in England and Wales from February 2021.
- The first quarter of 2020/21 showed a reduction in sales volumes, similar to elsewhere in England and Wales. Transaction numbers have now returned to pre-covid levels and will continue to increase fuelled by the boost in the market from the Stamp Duty Holiday.

Headline Figures

Average house price £270,079

Source: Land Registry House Price Index, Apr 2020, geometric mean

Average monthly private rent for a 3-bed property £795

Source: Office for National Statistics, April 2018 to March 2019

Local Authority Rent (monthly average, all bed sizes) £307

Source: MHCLG Live Tables on Rents: Table 702, 2018/19 recalculated from weekly rent and rounded to nearest pound.

Private Registered Provider Rent (monthly average) £365

Source: MHCLG Live Tables on Rents: Table 704, 2018/19 recalculated from weekly rent and rounded to nearest pound.

Households on the Homechoice Housing Register 14,453

Source: Homechoice Housing Register, Snapshot 8th March 2021

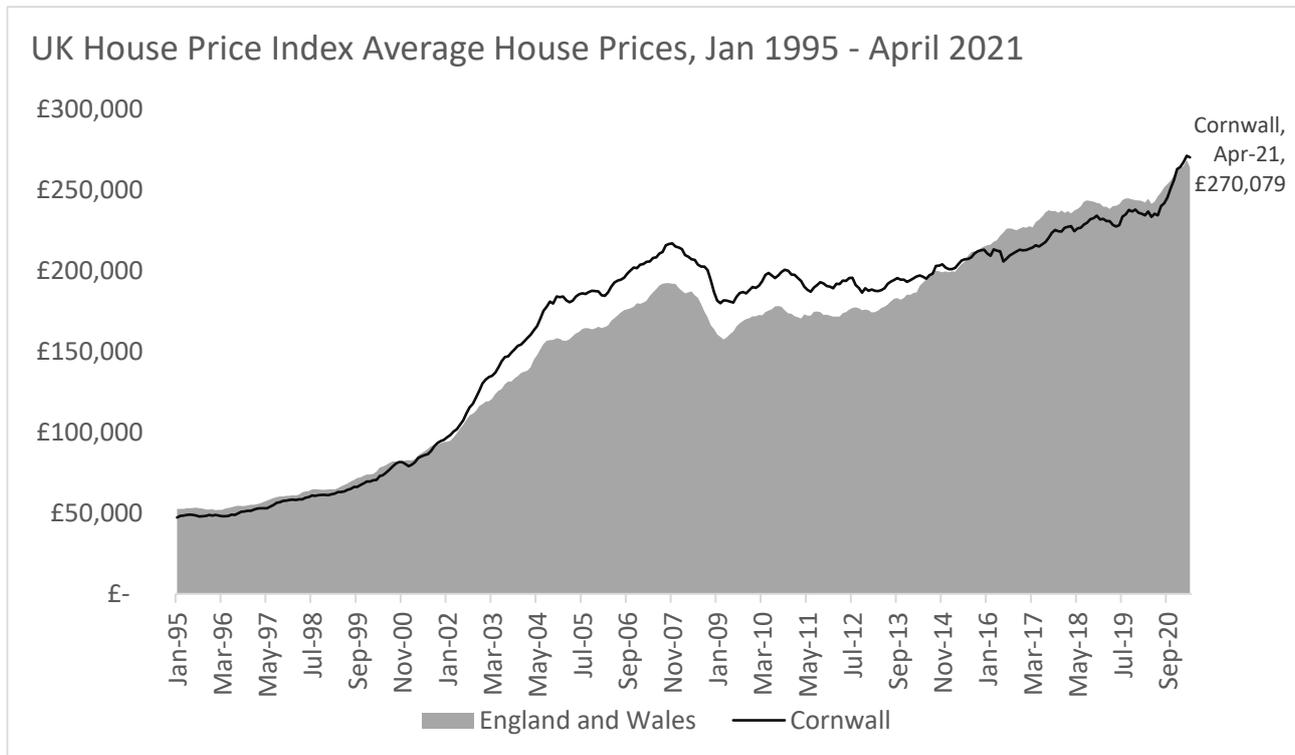
House Price Index Summary

House Price Index April 2021	Cornwall	England & Wales
The average price of a property	£270,079	£263,778
Price change compared to April 2020	15.7%	9.3%
Price change compared to March 2021	1.7%	1.5%
The monthly index figure (January 2015 = 100)	134.4	132.5

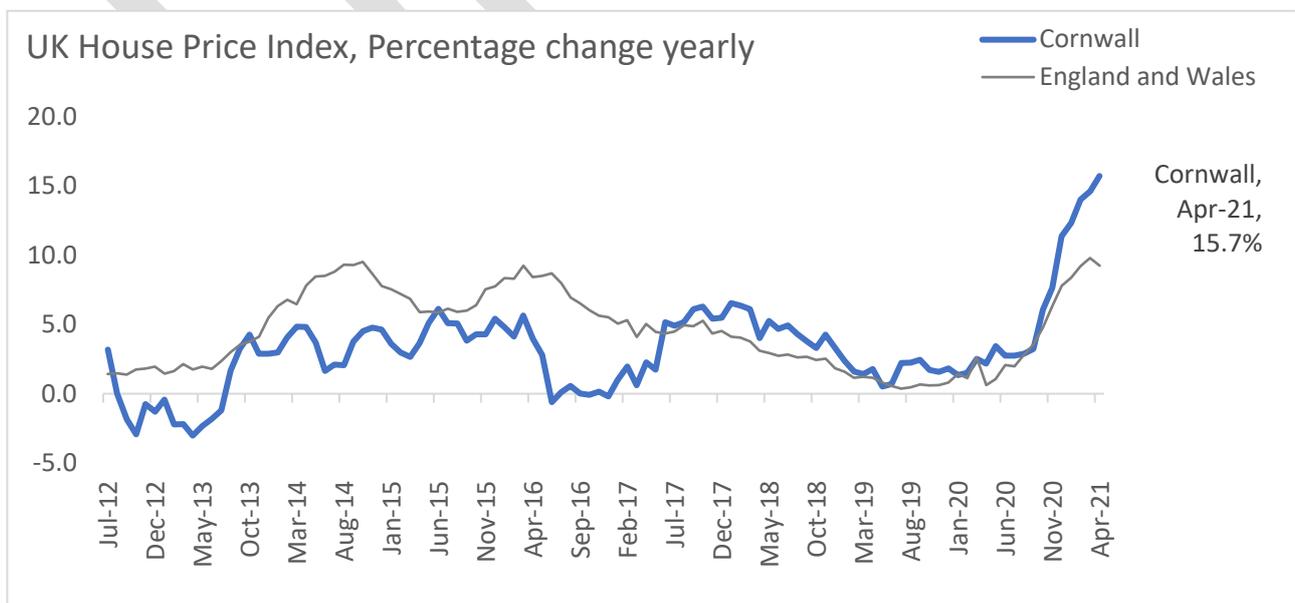
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House Prices

House prices began to increase in the 2000s but fell sharply during the financial crash in 2008. House prices in Cornwall recovered over the next 10 years and from 2015 onwards Cornwall’s average house prices continued to increase, albeit more slowly than England and Wales. Since the pandemic average house prices in Cornwall have been increasing sharply similar to the increases seen in the 2000. Average house prices overtook the England and Wales average from December 2020 onwards.

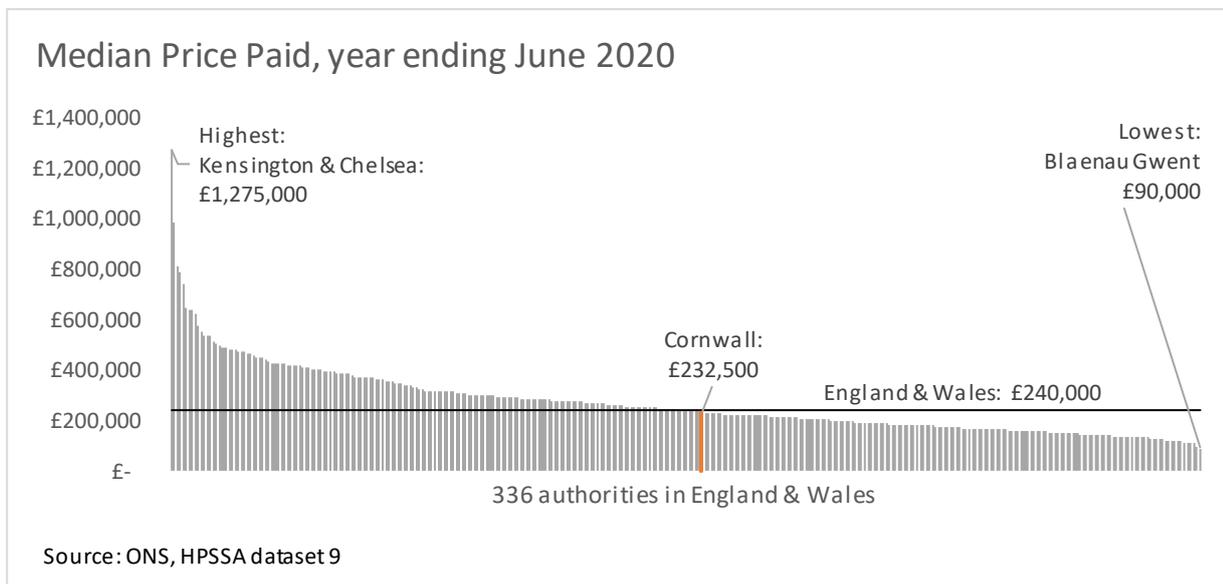


The UK House Price Index shows that Cornwall’s house prices have increased faster than the England and Wales average when compared with the same time last year, with 15.7% increase in average prices for April 2021 compared to April 2020.

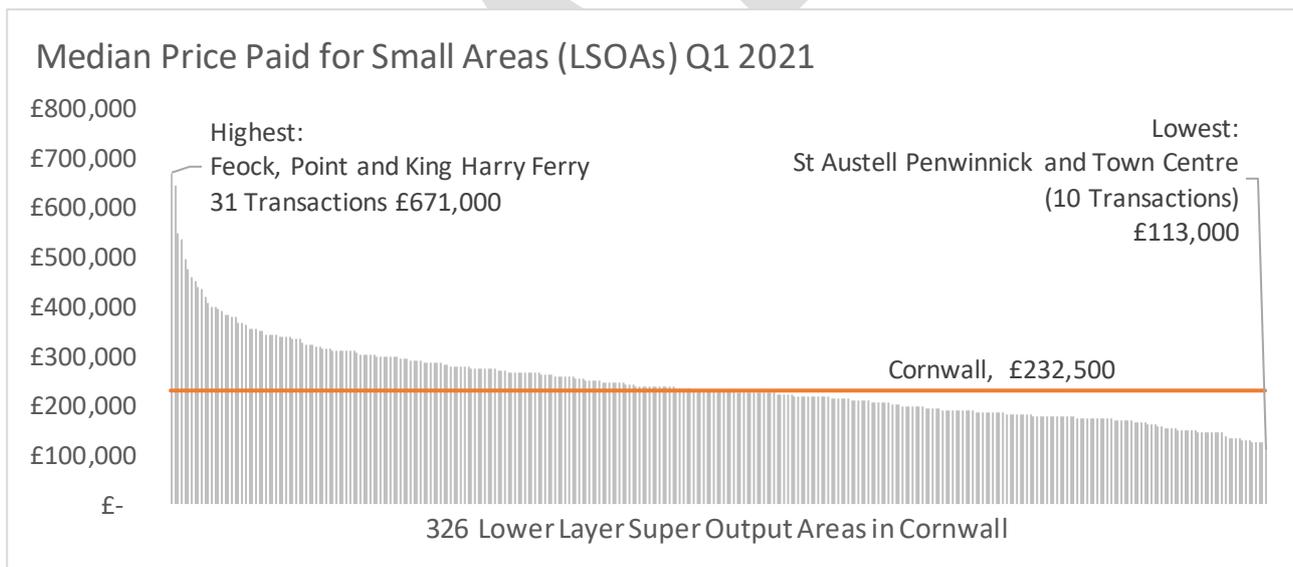


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House prices vary widely between local authority areas and areas within Cornwall. The chart below (latest data available, next release March 2021) shows the difference in house prices between the highest local authority area, and the lowest.



There is wide disparity between house prices for small areas within Cornwall – see Appendix 1 for full details.



Please note that figures may vary between LSOA and Cornwall level data due to different sources and methods of calculation.

Housing Affordability – home ownership

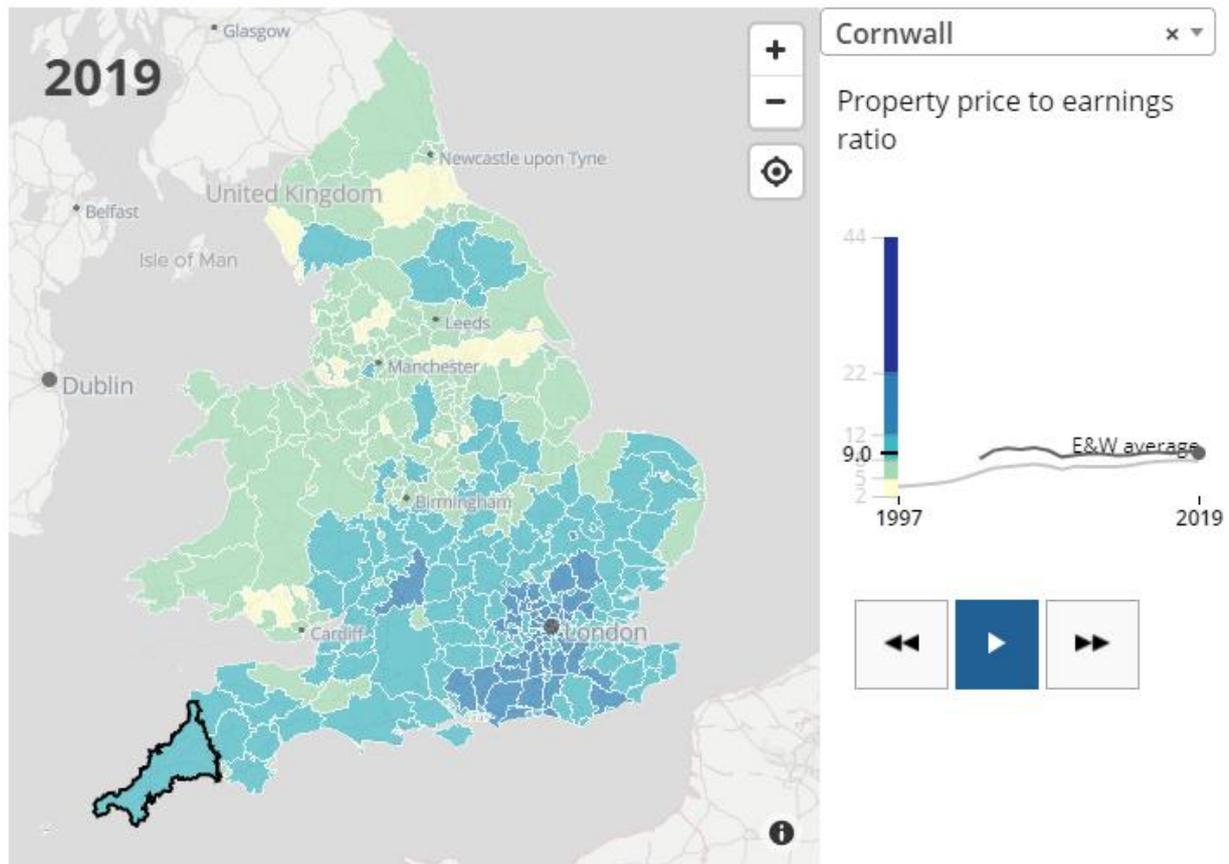
Affordability of home ownership is linked to local income levels. Earnings in Cornwall have historically been below average. At £20,710 our average annual earnings remain low, equal to 80% of the UK average.

A number of factors contribute to lower earnings. Above average levels of part-time employment are one factor, if Cornwall had the same share of fulltime employees as the UK average, earnings could be 6.5% higher. Private sector earnings across Cornwall are lower across most sectors. Workplace earnings are also

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influenced by sector share. Cornwall has an above average percentage of people working in 'Distribution, hotels & restaurants', 24.2% compared to the UK average of 18.5%.¹

In Cornwall in 2019, full-time employees could typically expect to spend around 9 times their workplace-based annual earnings on purchasing a home.



Source: House Price Statistics for Small Areas and Annual Survey of Hours and Earnings, ONS

Similarly, there are differences within Cornwall, the map below shows the ratio of house prices to 2018 income estimates for Middle Layer Super Output Areas. See Appendix 2 for data table.

The areas with the highest house price to income ratios are:

- St Minver, St Kew and Rural Wadebridge (17.2)
- Padstow, St Eval and Is Issey (14.9)
- Gwennap and Mylor (13.5)
- St Ives (12.4)

The areas with the lowest house price to net income ratios are:

- Torpoint (5.8)
- Saltash East (6.1)
- Liskeard (6.1)

¹ State of the Economy, Cornwall Council, March 2017

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- St Stephen in Brannel (6.1)

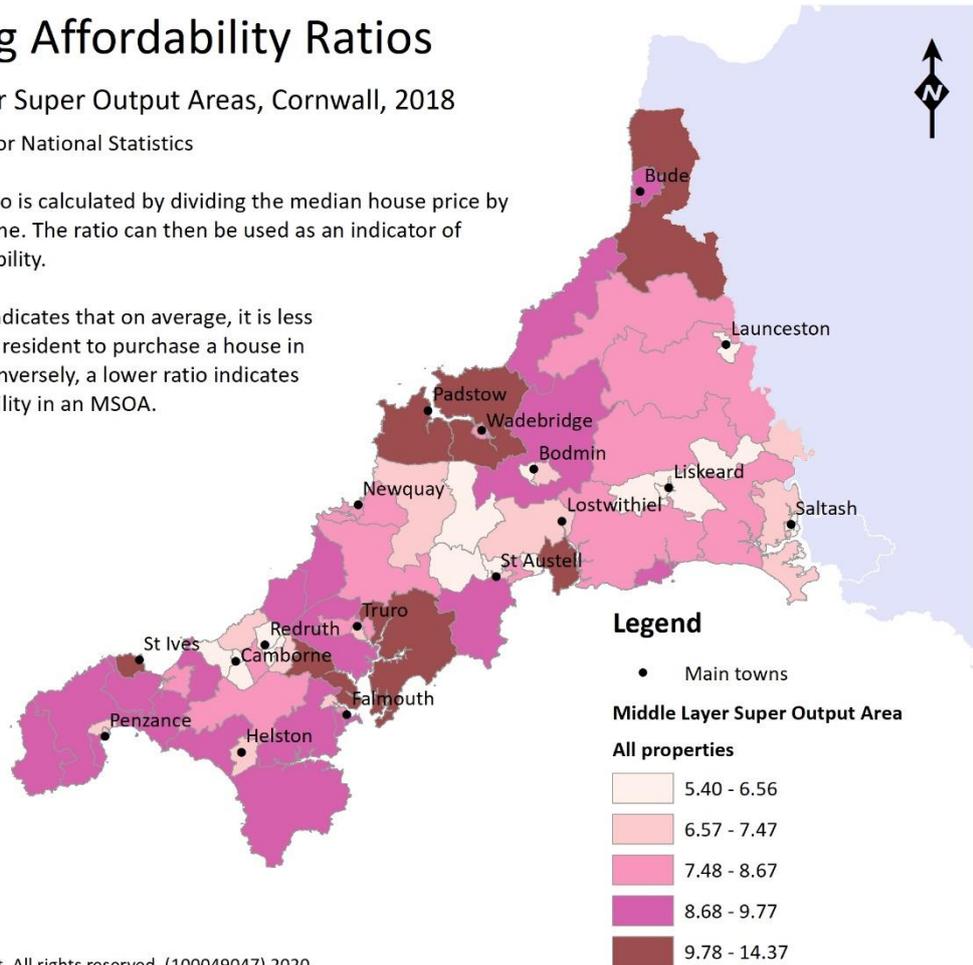
Housing Affordability Ratios

Middle Layer Super Output Areas, Cornwall, 2018

Source: Office for National Statistics

House price ratio is calculated by dividing the median house price by estimated income. The ratio can then be used as an indicator of relative affordability.

A higher ratio indicates that on average, it is less affordable for a resident to purchase a house in their MSOA. Conversely, a lower ratio indicates higher affordability in an MSOA.



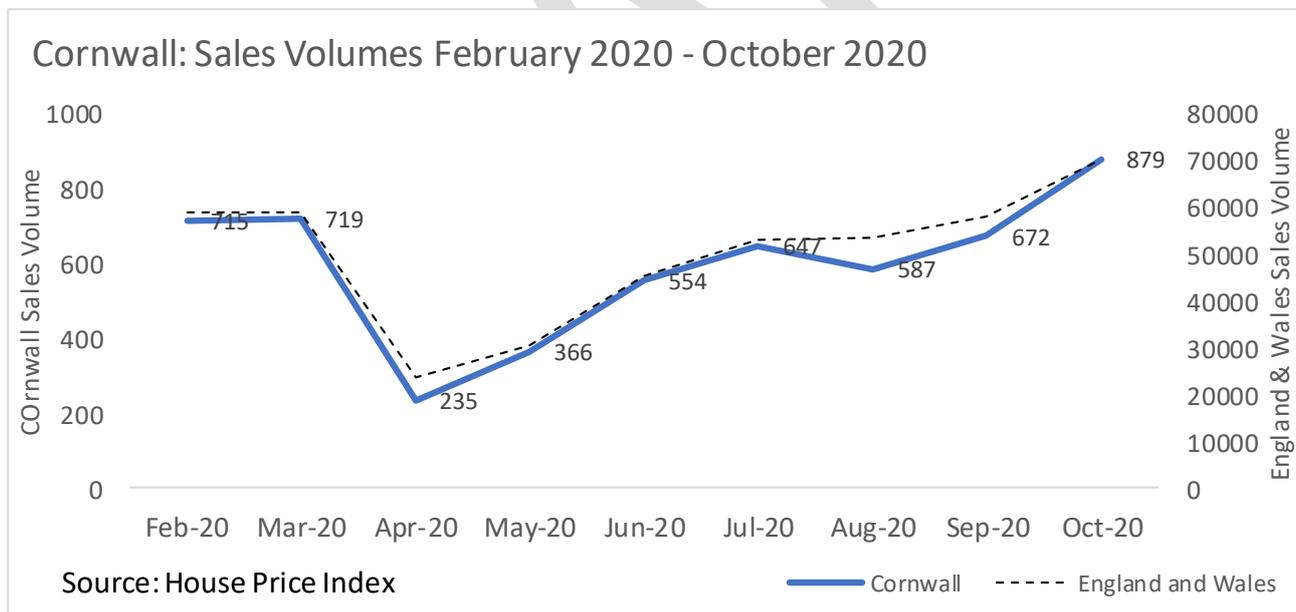
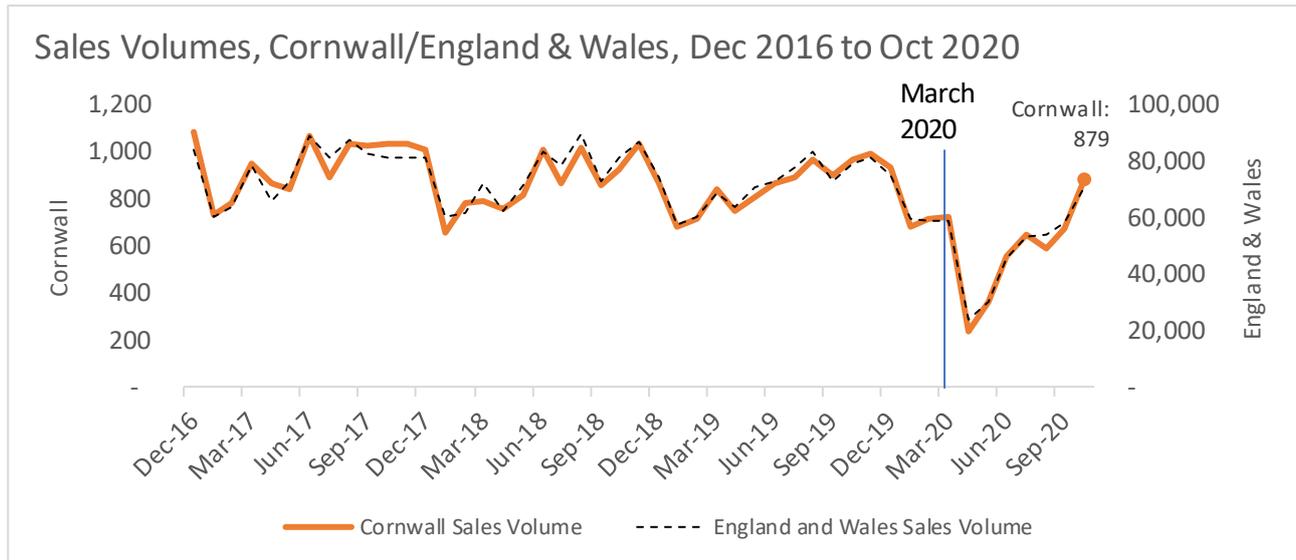
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	MSOA code	MSOA name	Local Name	Median house prices (year ending Mar 2018) All properties	Net annual household income (equivalised) before housing costs (£)	Housing Affordability Ratio
Least affordable	E02003937	Cornwall 007	St Minver, St Kew and Rural Wadebridge	£ 412,500	£ 28,700	14.37
	E02003913	Cornwall 056	Gwennap and Mylor	£ 367,500	£ 30,300	12.13
	E02003938	Cornwall 008	Padstow, St Eval and St Issey	£ 325,000	£ 27,900	11.65
	E02003943	Cornwall 054	St Ives	£ 307,500	£ 26,600	11.56
	E02003932	Cornwall 002	Bude rural	£ 288,500	£ 27,000	10.69
	E02003960	Cornwall 035	Tywardreath & Fowey	£ 296,000	£ 27,900	10.61
	E02003912	Cornwall 048	Truro Rural East and Roseland	£ 315,000	£ 29,700	10.61
Most affordable	E02003924	Cornwall 053	Camborne West	£ 172,000	£ 26,200	6.56
	E02003935	Cornwall 005	Launceston	£ 178,750	£ 27,400	6.52
	E02003895	Cornwall 016	Liskeard Rural	£ 183,000	£ 28,200	6.49
	E02003959	Cornwall 031	St Blazey	£ 165,475	£ 25,800	6.41
	E02003919	Cornwall 046	Redruth North	£ 165,000	£ 25,800	6.40
	E02003894	Cornwall 013	Callington and St Ives	£ 178,000	£ 27,900	6.38
	E02003942	Cornwall 015	Bodmin West	£ 165,000	£ 26,400	6.25
	E02003920	Cornwall 049	Redruth South	£ 180,000	£ 28,800	6.25
	E02003896	Cornwall 017	Liskeard	£ 167,500	£ 27,200	6.16
	E02003956	Cornwall 024	St Dennis and Roche	£ 165,000	£ 26,900	6.13
	E02003962	Cornwall 038	St Austell North	£ 174,975	£ 29,100	6.01
	E02003899	Cornwall 025	Saltash West	£ 177,500	£ 29,600	6.00
	E02003900	Cornwall 026	Saltash East	£ 186,000	£ 31,100	5.98
	E02003923	Cornwall 052	Camborne North	£ 156,000	£ 26,200	5.95
	E02003958	Cornwall 030	St Stephen in Brannel	£ 164,000	£ 27,700	5.92
	E02003925	Cornwall 055	Camborne South	£ 152,000	£ 26,200	5.80
	E02003902	Cornwall 029	Torpoint	£ 150,000	£ 27,800	5.40

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How has Coronavirus impacted the Housing Sales Market?

Sales decreased dramatically after the first lockdown in March 2020, but had recovered to the levels seen before the pandemic by October 2020. Trends in Cornwall have largely followed the trend in England in Wales as a whole, and it is anticipated that sales will continue to increase due to the boost from the Stamp Duty Holiday. In the Budget 2021, the Stamp Duty Holiday deadline was extended until to the end of June, with tapering until September 2021 .



In May 2020, Rightmove reported [record levels of viewing during lockdown](#) with an increase in demand for bungalows and rural areas². This is thought by the industry to be due to people reassessing how well their homes met their needs, a desire for more outside space, coupled with increased flexibility in working arrangements making it more possible for some sectors to work from home.

² In Rightmove’s analysis there are reports of greater demand for rural locations, however this should be treated with some caution in Cornwall – rural searches account for only about 8% of overall searches on Rightmove, and the definition of rural is likely to be different from an urban perspective.

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The Stamp Duty holiday has boosted market but is likely to have different impacts on geographic areas of Cornwall, especially those where house prices are already higher house prices – see appendix 1 for details of small area property prices. The stamp duty holiday has not benefitted first time buyers, who were already exempt from stamp duty on purchases up to £300k.

On 22nd June, [Rightmove reported that Truro was the most searched area in the south west region](#), with a 55% increase in searches between 1st – 14th March and 1st – 14th June.

Note: The way they record this can be misleading as it refers to the [TR postcode area](#).

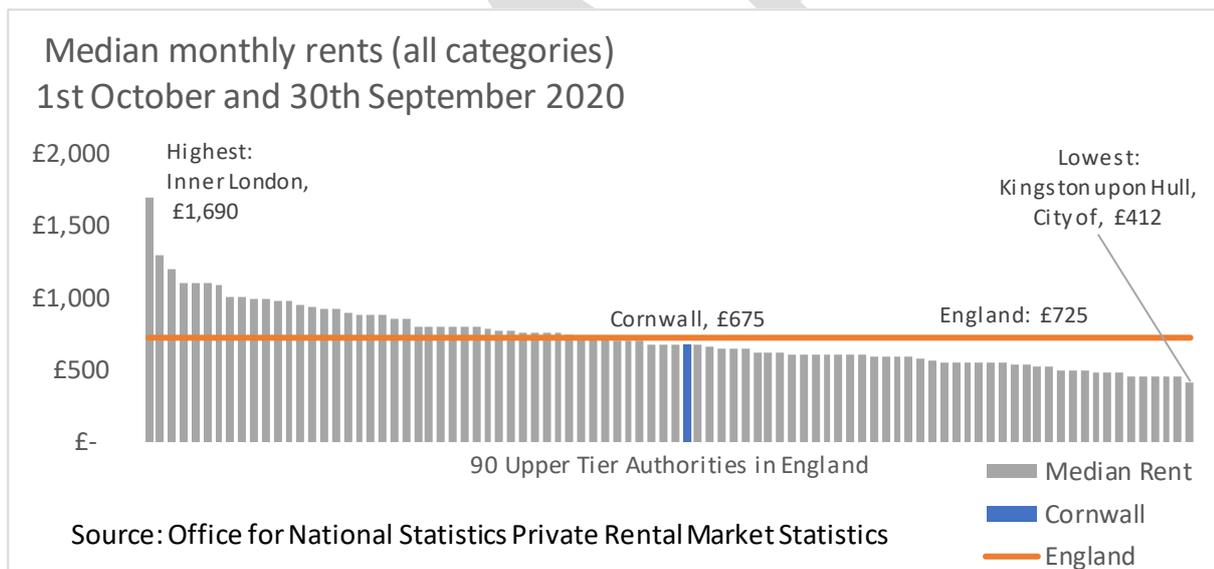
In February 2021 Rightmove reported Newquay as a ‘[property hotspot](#)’ with an 11% increase in prices between February 2020 and February 2021.

In February 2021 Rightmove reported that [Cornwall had replaced London as the most searched location](#) on their website, with 5m searches in February.

Private Renting

Cornwall Council estimates that around 20% of homes in Cornwall are in the private rented sector in 2021. Estimates vary between 37,000 and 50,000 dwellings depending on source used³.

Rents in Cornwall are in line with the England average.



Rents vary for smaller areas, and by bed size.

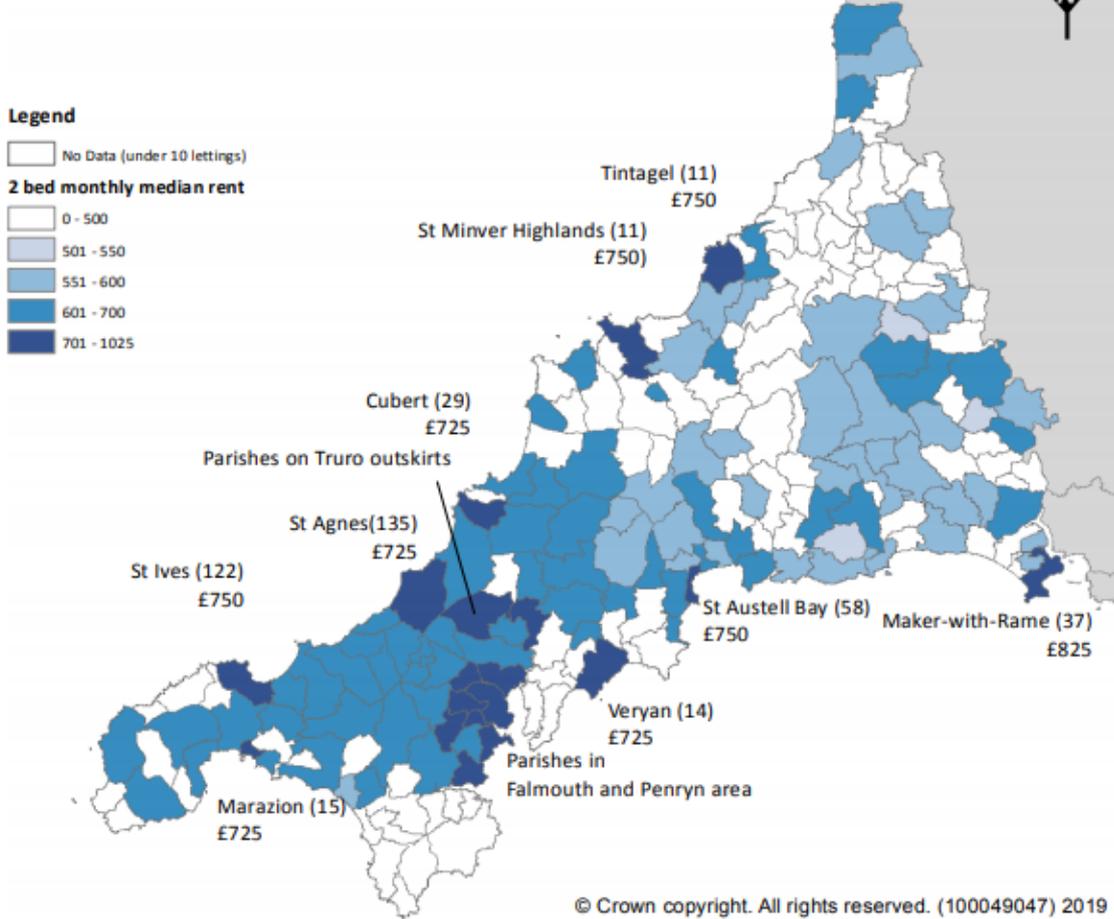
³ 37,000 = Mayhew Harper Associates, 2019, prepared for Selective Licensing Project

50,000 = 2011 Census = 17% private rented, English Housing Survey 2016/17 = 20%. Based on same rate of increase, if you apply this to the 2014 household projections, this will estimate 49,200 private rented households.

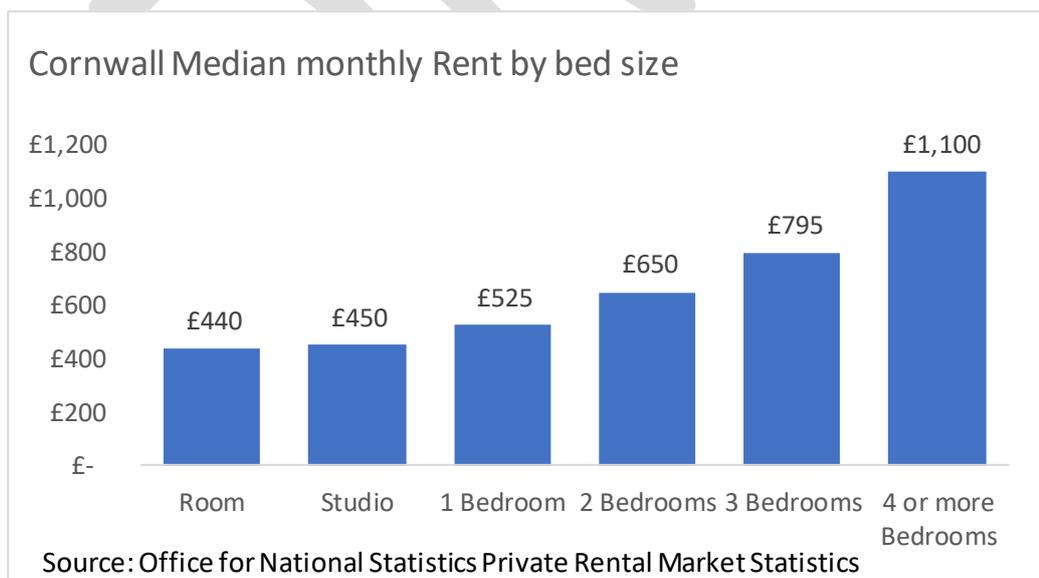
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Monthly median rent for 2 bedroom properties 2014 to 2019

Notes: map is based on advertised rents, which may differ from achieved rents

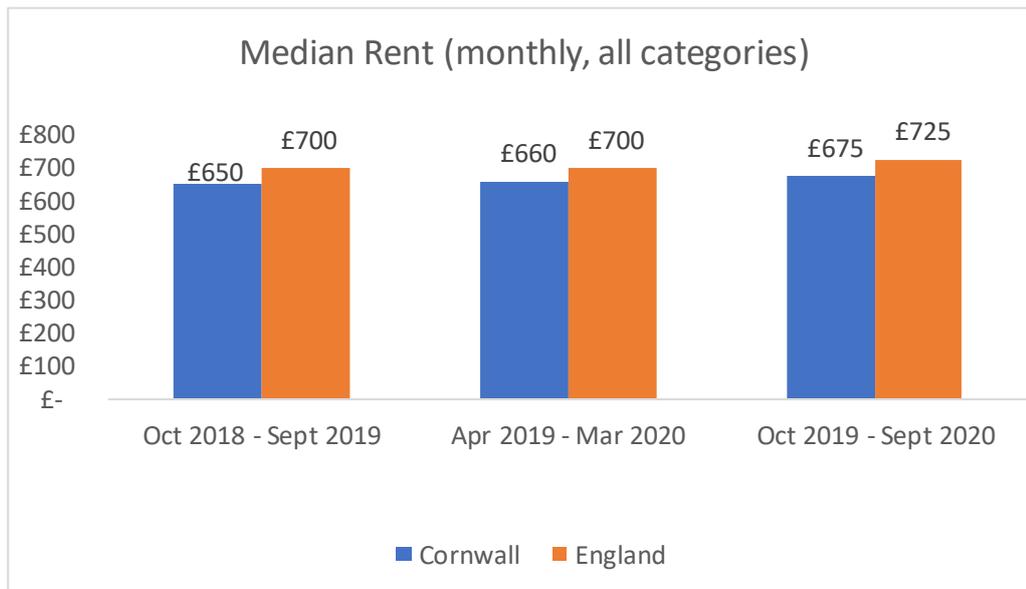


Based on data procured from Rightmove by Cornwall Council in 2019.



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Rents in Cornwall are slightly lower than the England average and are increasing in line with the average.



LHA rates and the private rented sector

Local Housing Allowance (LHA) is used to calculate how much Housing Benefit (HB) an eligible claimant can receive to help pay their rent in the private rented sector.

In November 2020 there were 10,064 households in the Private Rented sector claiming Housing Benefit and 14,051 private rented households claiming the housing element of Universal Credit.

The 2019 [LHA and Homelessness Research Briefing](#), highlights:

“There is evidence that in many areas, particularly in areas of high housing demand, there is a growing gap between actual rents and the amount of rent that is covered by LHA, which is making rental properties unaffordable for benefit claimants. There is concern that this is having an adverse impact on levels of homelessness and the ability of local authorities to use private rented accommodation in order to discharge their duties to homeless households.”

LHA rates are calculated based on the 30th percentile of rents in the 12 months up to the end of September and applied from the following April.

April 2021 weekly rates:

Area Name	1 Bed Shared	1 Bed Self Contained	2 Beds	3 Beds	4 Beds
Kernow West	£80.97	£113.92	£143.84	£169.15	£212.88
Plymouth	£73.50	£103.56	£134.63	£159.95	£195.62
North Cornwall and Devon Borders	£70.00	£97.81	£123.12	£149.59	£184.11

Source: [Local housing allowance - Cornwall Council](#)

How has Coronavirus impacted the Private Rental Market?

A survey conducted by the Private Rented Sector team in June 2020, highlighted concerns that some landlords who have been financially affected by the pandemic are either choosing to sell their properties, often as an investment opportunity with the tenant in situ, or are choosing to leave the private rental market and convert to the holiday market, where weekly charges are higher with lower risk of non-payment, and fewer legislative requirements to meet. It remains to be seen whether this will be the case, however the potential outcome would be to reduce the availability of private rented accommodation for local families, and a negative affect affordability for areas with higher proportions of holiday lets/second homes.

In March 2021, Local Estate agent Millerson reported an increase in demand for rental properties in Cornwall, without a corresponding increase in supply. It is thought that this is driven by local people wishing to move as their property no longer suits their needs, or households relocating due to the ability to work from home, or desire for a change of lifestyle.⁴

Nationally, there have been a number of changes to the private rental sector arising from the pandemic. Anyone served a notice since the beginning of August will be served a 6-month notice. In addition, evictions have been suspended, in all but the most extreme cases, until the end of May 2021. It is anticipated that as people begin to feel the impact of furlough and job losses arising from the pandemic, in combination with the lifting on suspension of eviction, there may be a surge in homelessness presentations arising from the private rental sector.

The Council would actively encourage a landlord who is experiencing difficulty with a tenant to 'call before they serve'. Similarly, the Council will encourage tenants to seek support as early as they can if they begin to experience difficulty with their tenancy. The Council, through Cornwall Housing Limited, is able to offer financial assistance and tenancy sustainment support and the key focus is on preventing homelessness wherever possible. Cornwall Housing also offer a suite of private rental sector services to landlords from a tenant finder service through to a full tenancy management option.

Notes about house prices affordability

There are a variety of different sources of house price data and income and the sources and types of average used in analysis can produce extremely varied results. Due to Cornwall's large geographical size and the fact that most statistics are produced at Local Authority level, understanding local affordability is challenging. Affordability is affected by personal circumstances (e.g. how many in household, benefit entitlement, it is very difficult to unpick affordability at local level) – most households can afford something, but it may not be the tenure, or area of their choice or the type of house they would like, or availability may be limited.

Links to further information

- Office for National Statistics Housing Affordability in England and Wales:
<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2020>

⁴ <https://www.cornwalllive.com/news/cornwall-news/cornwall-estate-agent-says-up-5102280>

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- ONS UK House Price Index:
<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/august2020>

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