

Local Residential Property Market Review

Wyre Forest District Council

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1. EXECUTIVE SUMMARY

- 1.1 After nearly a decade of increasing house prices, the residential market deteriorated during 2008, triggered by a shock to the market caused by the 'credit crunch'. This resulted in decreased availability and increased cost of mortgages. The supply-led slowdown subsequently fed through to demand, with consumers feeling less wealthy given higher consumer price inflation and a rapid deterioration in the prospects for the real economy and recession.
- 1.2 The housing market for all houses appears to have stabilised over the summer, with prices actually rising in recent months. The Nationwide Monthly Index suggest that house prices have increased for four consecutive months from May to August, and are now 6.3% higher than at the bottom of the market, although values are still -14.4% below their peak in October 2007.
- 1.3 That said, there remains considerable uncertainty over house price movement in the short term. Prices for all houses could begin to improve next year, due to improved affordability and improving conditions in the wider economy, although the economic recovery that may be required to boost the market now looks as if it maybe more likely to occur from 2011 than 2010.
- 1.4 A further factor is the considerable pent-up demand that will have built up from those purchasers who have been either unable or unwilling to enter the market to date, and this will contrast with a supply shortage, particularly for new homes, as developers have significantly scaled back their building programmes and sold off stock at a discount.
- 1.5 With reference to new house prices, the Halifax indicates that as at Quarter 2 2009 the average new build house price in the West Midlands region stood at £132,812 reflecting an annual reduction of 36.4% on Quarter 2 2008 figures, and 41% reduction from Quarter 3 2008. Clearly house builders suffered significant losses as they were forced to accept considerable discounts during that period. However, this index also shows that subsequently there was a significant recovery of 9.26% for new house prices between Quarter 2 2009 and Quarter 3 2009.
- 1.6 Our research has focused on new houses and apartment sales in the district, the majority of which took place in Quarter 2 or early in Quarter 3 2009. It is clear that house builders significantly discounted their prices from Quarter 1 2008 to Quarter 2 2009 (£227,753 in Quarter 1 2008 to £132,812 in Quarter 2 2009, i.e. 41%) but have started to make a recovery of this lost ground from Quarter 2 2009 onwards. In these circumstances we believe it is

appropriate to index the average prices we have derived to more accurately reflect the current position. Therefore we have applied the Halifax Index (Q2/3 2009).

1.7 Based on the comparable evidence obtained, average asking prices and sales values can be broken down to provide an overview for the main towns in and around the Wyre Forest District as below:

1.8 Kidderminster

Houses -	Range of asking prices -	£146.32 psf - 177.33 psf
	Average asking price -	£171.50 psf
	Indexed average asking price -	£187.38 psf
	Range of selling prices -	£149.46 psf - £204.61 psf
	Average selling price -	£196.15 psf
	Indexed average selling price -	£214.31 psf
Apartments -	Range of asking prices -	£156.41 psf - £200.00 psf
	Average asking price -	£189.11 psf
	Indexed average asking price -	£206.62 psf
	Range of selling prices -	£151.33 psf - £200.00 psf
	Average selling price -	£171.52 psf
	Indexed average selling price	£187.40 psf

New build asking prices across Kidderminster range from £89,995 for a one bedroom apartment to £245,000 for a four bedroom detached house. The sample of houses sold is very restricted (1) and the price per sq ft reflects the small size of that house. We have therefore utilised the average asking price for houses in this category as our base value and the average indexed selling price for apartments

1.9 Stourport on Severn

Houses -	Range of asking prices -	£142.76 psf - £221.43 psf
	Average asking price -	£191.91 psf
	Indexed average asking price -	£209.68 psf
	Range of selling prices -	£192.86 psf- £214.29 psf
	Average selling price	£203.58 psf
	Indexed average selling price -	£222.43 psf
Apartments -	Range of asking prices -	£205.18 psf- £235.51 psf
	Average asking price -	£222.34 psf
	Indexed average asking price -	£242.93 psf

Range of selling prices -	£205.18 psf - £221.43 psf
Average selling price -	£216.20 psf
Indexed average selling price -	£236.22 psf

New build asking prices across Stourport on Severn range from £100,950 for a one bedroom apartment to £325,000 for a four bedroom detached house. We have utilised the average indexed selling prices.

1.10 Stourbridge

Houses -	Range of asking prices -	£151.02 psf - £202.23 psf
	Average asking price -	£168.63 psf
	Indexed average asking price -	£184.25 psf
Apartments -	Range of selling prices -	£156.10 psf - £188.23 psf
	Average selling price -	£172.17 psf
	Indexed average selling price -	£188.11 psf
	Range of asking prices -	£203.44 psf – £235.84 psf
	Average asking price -	£217.86 psf
	Indexed average asking price -	£238.03 psf
	Range of selling prices	£172.41 psf - £218.87 psf
	Average selling price -	£189.70 psf
	Indexed average selling price -	£207.27 psf

New build asking prices across Stourbridge range from £117,995 for a two bedroom apartment to £234,000 for a four bedroom detached house.

- 1.11 Bewdley Insufficient comparable evidence available.
- 1.12 Cleobury Mortimer Insufficient comparable evidence available
- 1.13 Kinver Insufficient comparable evidence available.
- 1.14 We have utilised a range of prices for each site in each town, when approaching the 24 sample sites. That range is in accordance with our findings set out above, but adjusted as required by the circumstances of each site.
- 1.15 The revenues researched and assessed for each site are expressed in terms of £ per sq ft of Gross Internal Area (GIA), in accordance with the RICS Code of Measuring Practice (6th Edition) definition.

2. INTRODUCTION AND BACKGROUND

- 2.1 This section of the report provides background information on the location of Wyre Forest, an overview of the land use in the area, as well as a summary of the key facilities within the District. Following sections examine the residential property market relating to existing housing stock, and discuss the market for new build residential dwellings in detail.

Location

Situation and Development

- 2.2 Wyre Forest is located in North West Worcestershire, West Midlands and lies to the south west of Birmingham City Centre. The District comprises three main towns of Kidderminster, Stourport on Severn, and Bewdley, together with a number of small villages situated in the rural hinterland. The three towns form a 'triangle' of settlements within the District, and are separated by narrow areas of open countryside.
- 2.3 Kidderminster Town Centre is located approximately 11 miles (18 km) west of Junction 3 of the M5 (which lies outside of the Wyre Forest District), via the A456. Stourport on Severn lies to the south of Kidderminster and is connected via the A451.
- 2.4 Surrounding towns outside the District include Dudley, Worcester, Bromsgrove and Bridgnorth.

Kidderminster

- 2.5 Kidderminster is situated approximately 16 miles (26km) west of Birmingham and has a population of approximately 56,000 people and is recognised as being the main centre of commerce in the District. The West Midlands Regional Spatial Strategy (RSS) identifies Kidderminster as being a "Local Regeneration Area" and it is also designated as one of 25 Strategic Centres within the West Midlands. During the 19th Century, Kidderminster grew as a world leading centre for carpet production; however this industry has been in decline from the 1970s and the town has since witnessed a diversifying economy. Despite the industry decline, Kidderminster has managed to maintain some specialised carpet manufacturing companies including Brintons and Brockway, who focus on the high end market.

Stourport on Severn

- 2.6 Stourport on Severn is situated to the south of Kidderminster. It is uniquely the only town in Britain built solely as a consequence of the construction of canals. The town is now

recognised as a popular day trip destination as a result of its riverside location. Stourport on Severn has a population of circa 20,000 people.

Bewdley

- 2.7 Bewdley is a Georgian riverside town on the River Severn, situated 5 km (3 miles) to the west of Kidderminster, and has a population of around 9,000 people and is known today for being a historic market town. Hence, the town has proved to be a popular visitor destination for residents from Birmingham and the Black Country.

Villages and Rural Settlements

- 2.8 There are a number of villages located in the District's rural areas, although the majority of these suffer from poor levels of services and community facilities, and are not served adequately by public transport. A "Rural Regeneration Zone" covers part of the rural area to the north west (including the Bewdley ward). To the east of the District lie the more accessible villages of Chaddlesley Corbett, Blakedown, Cookley and Wolverley. The smaller rural settlements of Clows Top, Far Forest, Callow Hill, Bliss Gate and Rock are situated to the west of the District. Blakedown has its own railway station, providing direct services to Birmingham New Street.

Land Use Overview

- 2.9 This section provides a brief overview of the land uses throughout Kidderminster, Bewdley, Stourport on Severn and throughout the District.
- 2.10 The main residential areas throughout the district surround Kidderminster to the west, north and east and include the suburbs of Franche, Habberley and Blakebrook to the west, and Aggborough to the east of Kidderminster town centre. These locations provide a mix of residential accommodation ranging from Edwardian and Victorian semi-detached and detached dwellings, to more modern dwellings from both inter and post war periods. In contrast, there is little residential accommodation in Kidderminster town centre of significance, other than new residential development around the canal, and to the north of the Churchfields area.
- 2.11 Employment areas in the District tend to be focused in Kidderminster, perhaps as a consequence of the presence of the Staffordshire and Worcester canal which runs north / south through the settlement. Older employment areas typically provide timber yards and warehouses for the production of carpets. The main employment areas throughout Kidderminster include Hoobrook on the A449 Worcester Road to the south of the town centre, and the industrial area (also to the south of Kidderminster centre) along the A451 Stourport Road. Significant but limited speculative industrial development is evident in these locations,

examples including 'Fine Point' and 'Easter Park'. There has been little recent office of any significance in Kidderminster.

- 2.12 Stourport on Severn plays a secondary role to Kidderminster in terms of its significance in the local property markets. The town centre provides an historic shopping quarter, with a marina adjacent. There are outlying industrial areas to the south of Stourport, which are interspersed throughout the residential areas of Areley Kings to the south west and Titton to the south east.
- 2.13 Bewdley lies to the west of Kidderminster town centre. Bewdley plays a significant role in the Districts economy as a tourist attraction, given its attractiveness and proximity to the River Severn, which runs from north to south through the centre of Bewdley.
- 2.14 Aside from the three key settlements of Kidderminster, Stourport on Severn and Bewdley, the other settlements comprise hamlets and villages in rural parts of the district, and hence play a much less significant role in terms of housing provision.

Key Facilities

- 2.15 The presence of key facilities in an area has the potential to impact upon the demand for and hence value of residential sites. This section provides a brief overview of the schools, leisure centres, areas of public open space, and tourist attractions within the three main towns of Kidderminster, Stourport-on-Severn, and Bewdley.

Kidderminster

- 2.16 There are three main leisure centres within Kidderminster, which provide a range of sports facilities and activities for all members of the community. There are a total of 21 schools within the Kidderminster catchment area, comprising 16 primary schools; two special needs schools and three high schools, the latter including sixth form. The town is served well by public open space and has access to the following: Brighton Park; St George's Park; Baxter Gardens; Springfield Park and Broadwaters Park. The main tourist attraction in the area is the Bodenham Arboretum.

Stourport-on-Severn

- 2.17 There are fewer facilities in Stourport-on-Severn when compared to its larger neighbour. There is one main leisure centre (Stourport Sports Centre). Open space is provided by the Riverside Meadows to the south. The main tourist attraction is the Stourport Steamer Company, which provides boat trips along the River Severn. There are seven schools within the catchment area, which are made up of six primary schools and one high school, the latter including sixth form level of entry.

Bewdley

- 2.18 Bewdley has one main Leisure Centre located on Stourport Road. However, the area has a range of tourist attractions including Bewdley Museum; Shatterford Lakes Fishery; Arley Arboretum; Severn Valley Railway and the hugely popular West Midlands Safari Park. The three main areas of public open space in the local area are the Queen Elizabeth II Jubilee Gardens, Riverside Meadows and the Garden of Rest. There are four schools within the Bewdley area; three of which are primary schools and one high school, which includes sixth form.
- 2.19 Plans highlighting the main facilities throughout the District are attached at Appendix A of this report.
- 2.20 The following section of the report provides an analysis of the residential property market for Wyre Forest District. It includes an overview of the quality and type of existing housing stock, national and local market conditions, together with a review of development activity within the District. Census data on local housing types and information on house prices is considered, and where appropriate, comparisons are made with the wider West Midlands region.

3. EXISTING HOUSING STOCK

- 3.1 This section discusses the type and quality of existing housing stock in the District, utilising census data provided by ONS (Office of National Statistics) as the framework for our analysis. Data relating to tenure and housing mix and vacancy is also included.

Quality and Type of Existing Stock

- 3.2 There is a wide variety of housing stock distributed throughout Wyre Forest District, as highlighted by the table below:

Table 3.1: Type of Stock

Type	Wyre Forest (% of stock)	West Midlands (% of stock)	England (% of stock)
Detached house or bungalow	31.00	23.84	22.51
Semi-Detached house or bungalow	38.72	37.66	31.57
Terraced house or bungalow	18.59	23.86	25.84
Flats (purpose built)	8.05	11.31	13.96
Flats (converted)	1.62	2.01	4.55
Flats (in commercial building)	1.02	0.96	1.15
Caravan or mobile / temporary structure	1.01	0.36	0.42

Source: Office for National Statistics, 2001

- 3.3 Table 3.1 above shows that Wyre Forest provides higher levels of detached and semi-detached accommodation than both the West Midlands and England average; however, the levels of terraced housing are lower in Wyre Forest than at regional and national levels. The proportion of purpose built and converted flats in the District are lower than that in the West Midlands and England, aside from flats within commercial buildings; where levels are higher than those at Regional level, but less than the England average. Levels of caravan / temporary accommodation are higher in Wyre Forest than regional and national levels. This suggests that the type of stock is skewed towards provision of larger dwellings and caravan / mobile homes than is the case at West Midlands and England levels.

Tenure and Housing Mix

- 3.4 The following table provides a breakdown of housing tenure throughout Wyre Forest District and provides a comparison with the West Midlands region and England.

Table 2.2: Tenure

Tenure	Wyre Forest (% of stock)	West Midlands (% of stock)	England (% of stock)
Owner Occupied (owned outright)	33.81	30.25	29.29
Owner Occupied (with mortgage)	41.85	38.64	38.88
Owner Occupied (shared ownership)	0.47	0.67	0.65
Rented from Council	6.76	14.26	13.21
Rented from Housing Association	8.07	6.34	6.05
Rented from Private Landlord or Letting Agency	6.00	6.37	8.80
Rented (other)	3.04	3.47	3.22

Source: Office for National Statistics, 2001

- 3.5 As shown in Table 2.2 above, Wyre Forest has a higher rate of owner occupied accommodation (either owned outright or with a mortgage). Levels of rented accommodation from either the Council or Private Landlord are lower than regional and national levels, although levels of rented accommodation from housing associations are slightly higher.

Quality of Residential Stock

- 3.6 The quality of housing stock within Wyre Forest District (as of April 2006) is broken down in Table 2.3 below.

Table 2.3: Quality of Stock

Quality of Stock	Wyre Forest	West Midlands	England
Total Dwelling Stock	43,716	2,298,443	22,085,741
Total Unfit Dwellings	1.7%	3.9%	4.2%
Unfit LA Dwellings	N/A	0.4%	3.4%
Unfit RSL Dwellings	0.0%	0.6%	1.6%
Unfit 'Other Public Sector' Dwellings	0.0%	2.2%	2.4%
Unfit Owner Occupied and Private Rented Dwellings	1.7%	3.8%	3.9%

Source: Office for National Statistics, 2006

- 3.7 It shows that the total number of unfit dwellings within Wyre Forest District (1.7%) is considerably lower than regional and national levels (3.9% and 4.2% respectively). According to census data, there are no unfit Registered Social Landlord (RSL) dwellings within Wyre Forest District; the only area where there are unfit dwellings is the 'owner occupied and

private rented' sector. Wyre Forest District Council has not owned any stock since 2000 and hence figures are not available from ONS. More up to date data provided by WFDC indicates that there are 44,288 dwellings of which 1086 have category 1 (HHSRS) hazards, all of which are owner occupied and private rented dwellings.

Vacancy

- 3.8 Residential vacancy rates for Wyre Forest District are highlighted below, and are compared with West Midlands and England averages.

Table 2.4: Residential Vacancy

All Residential Dwellings	Wyre Forest	West Midlands	England
With Residents	40,281 (97.2%)	2,153,672 (96.67%)	20,451,427 (96.18%)
Vacant	1,026 (2.5%)	68,448 (3.07%)	676,196 (3.18%)
Second Residences	113 (0.3%)	5,720 (0.26%)	135,202 (0.64%)
Total	41,420	2,227,840	21,262,825

Source: Office for National Statistics, 2001

- 3.9 Table 2.4 above shows that the proportion of occupied homes (as of 2001) in Wyre forest District is generally in line with West Midlands and England averages. However, vacancy rates within Wyre Forest are marginally lower than the West Midlands and England levels, despite the level of second residences being the same as the regional level. Up to date information from WFDC council tax shows that 738 empty properties at 31st March 2009, 488 of which have been empty for longer than six months.

4. NATIONAL MARKET CONDITIONS

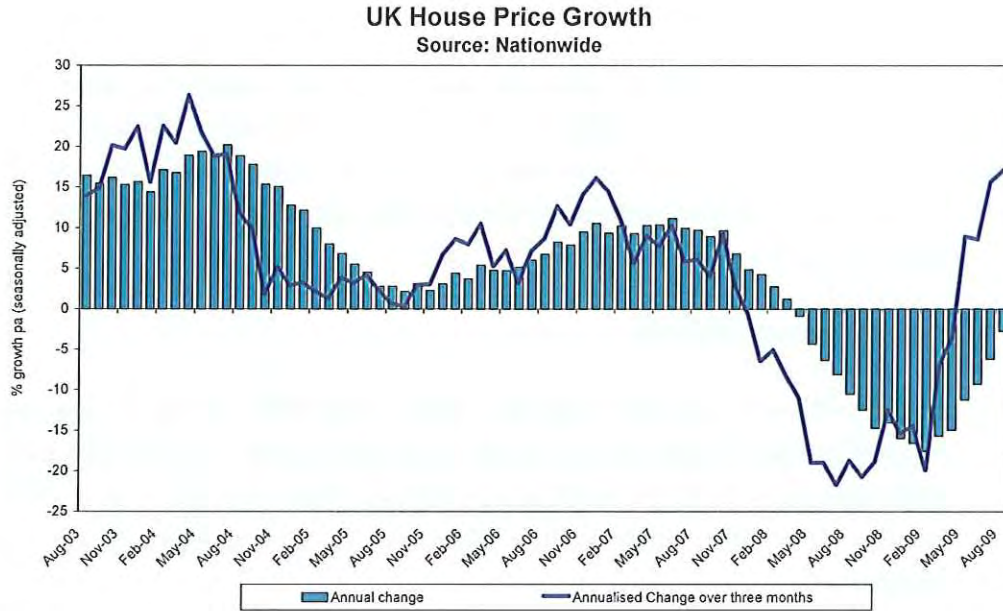
Introduction

- 4.1 The housing market in general terms and on a national basis appears to have stabilised over the summer, with prices actually rising in recent months. The Nationwide Monthly Index suggest that house prices have increased for four consecutive months from May to August, and are now 6.3% higher than at the bottom of the market, although values are still -14.4% below their peak in October 2007.

Recent Trends in Context

- 4.2 Following the boom and bust of the late 1980s / early 1990s, the UK housing market saw almost a decade of sustained very strong house price growth from late 1996 (when house prices were below trend and house price to earnings ratios were low) to early 2005. Indeed, from the end of 1996 to the end of 2004, prices rose by 178% (or 13.6% pa) according to the Nationwide.
- 4.3 The market then cooled in 2005, as a reaction to the modest interest rate rises in 2004, and a lack of affordability, notably for first-time buyers, with growth bottoming out in September 2005 at 2.2% pa (Nationwide seasonally adjusted figures). Following the slowdown in activity during 2005, the housing market saw price growth accelerate again during 2006, as interest rates decreased and economic growth accelerated.
- 4.4 However, growth started to decelerate in the second half of 2007, and price levels reached a peak in October 2007. As the 'credit crunch' began to have an impact, there was a reduction in the supply of mortgages and the cost of obtaining mortgage finance increased (through higher interest rates and an increase in required deposits).
- 4.5 This was followed by a sharp fall in the demand for mortgages, as falling house prices coupled with rising consumer prices and lack of consumer confidence fed through to buyer sentiment. As the economy went into recession, sentiment weakened further, and 'real' effects began to feed through, as unemployment started to increase.
- 4.6 The result was a rapid fall in house prices. Nationwide figures suggest that prices peaked in October 2007, and had fallen nearly 20% by February 2009. However, there has been significant improvement in recent months, as the following chart shows, and prices have started to rise again. Indeed, prices are 6.3% higher as at August 2009 than at the bottom of the market in February 2009 (seasonally adjusted), and the rate of increase is accelerating.

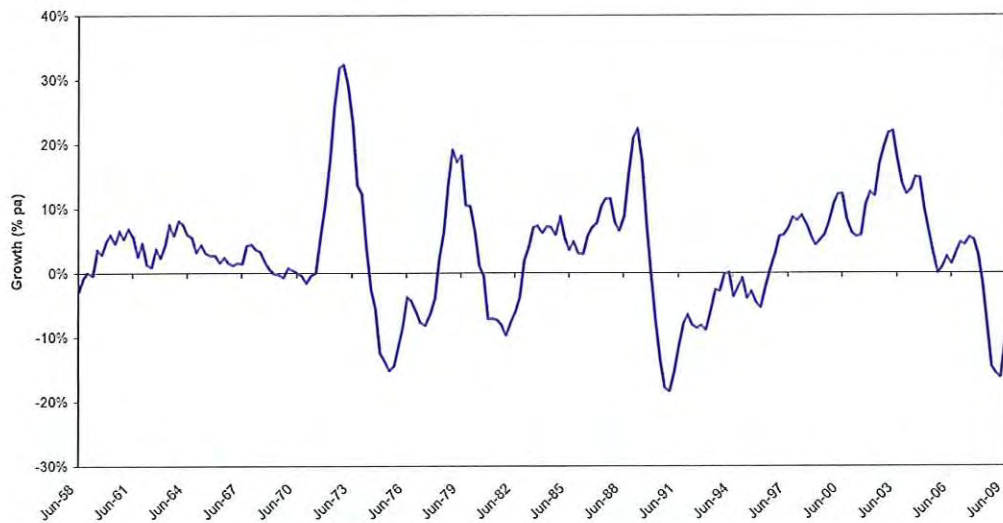
The three months to August saw a rise of 4%, the equivalent of 17.1% on an annualised basis!



4.7 The following chart illustrates the current housing market downturn in the long-term context, showing price growth in real terms (stripping out RPI inflation). It shows that the three previous housing booms over the last 50 years have all been followed by a period of significant falls in real terms. However, a key difference between the current downturn and previous ones is that inflation today remains low in comparison with the 1970s and late 1980s / early 1990s.

Annual House Price Growth in Real Terms

Source: Nationwide, GVA Grimley

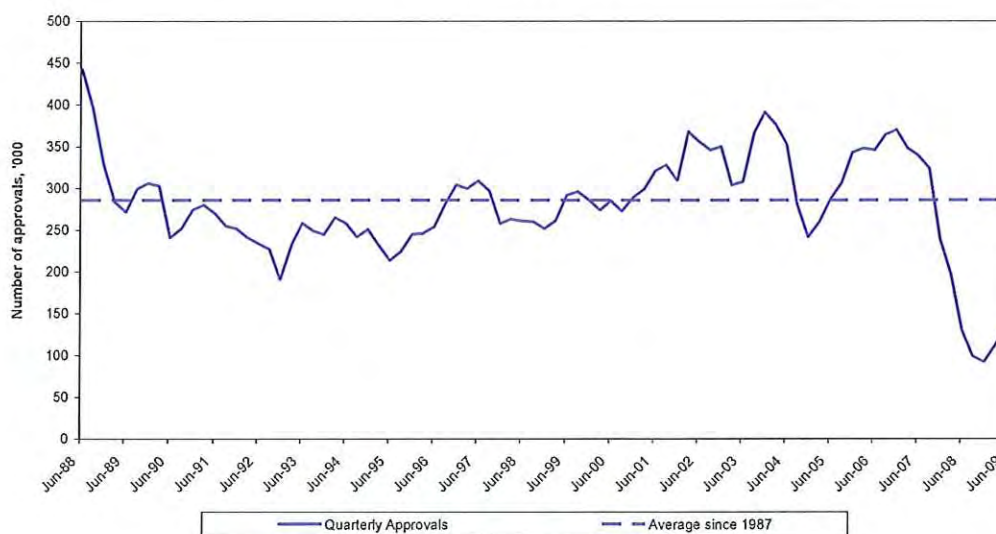


Transaction Levels, Demand and Supply

- 4.8 The volume of housing transactions fell rapidly during late 2007 and early 2008, with mortgage approvals falling from an average of more than 110,000 transactions per month in the first nine months of 2007, to just 27,000 during November 2008. Since then, there has been a sustained improvement, with approvals reaching nearly 48,000 in July 2009. However, this remains a woefully low number – the average monthly level of approvals since 1987 has been 95,000 and even in the depths of the early 1990s recession, the figure bottomed out at around 65,000 per month.
- 4.9 The magnitude of the collapse in transactions is illustrated in the following chart. Low transactions levels reflect the lack of willingness by the financial institutions to lend, and also negative buyer sentiment.

Quarterly Mortgage Approvals for House Purchase

Source: Bank of England



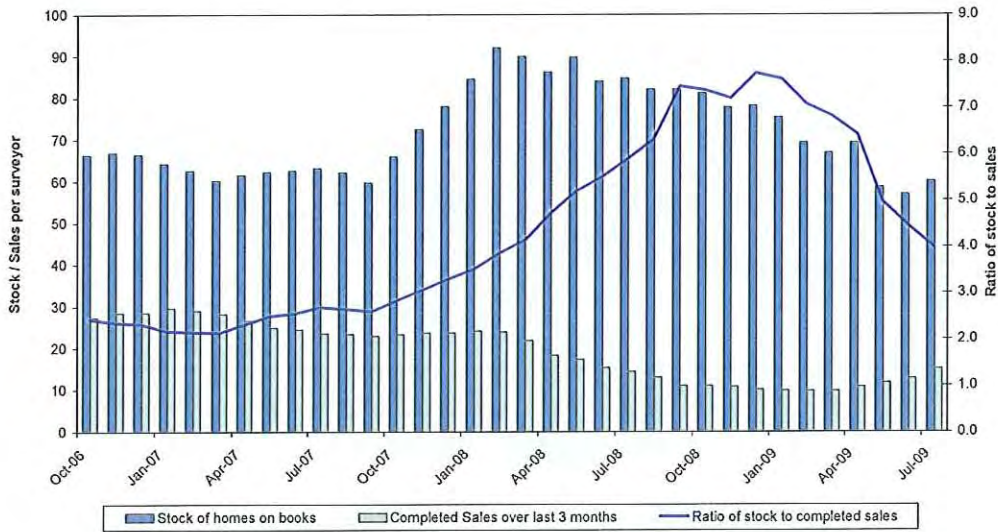
- 4.10 The RICS Housing Market Survey (a questionnaire survey of around 250 residential surveyors) suggests that the number of completed sales over three months fell rapidly from an average of 25 sales per surveyor during 2007 to around 10 sales per surveyor in the first few months of 2009. However, recent months have seen this trend reverse, with the number of sales per surveyor rising to 15.1 in July, from a low point of 9.8 in March.
- 4.11 The stock of unsold homes on surveyors' books has been on a broadly declining trend over the last year, from an average of 92 per surveyor in February 2008 to just 60 in July 2009 (although this was slightly up on the 56.9 recorded in June).
- 4.12 It may seem counterintuitive that in a downturn the number of unsold homes is actually decreasing. A key reason is that there have been relatively few 'forced sellers'. In the 1990s housing crash, repossessions were an important factor in the extent of house price falls. This time around, whilst the number of mortgages in arrears and the number of repossessions have both continued to increase, the rise has been relatively modest. Indeed, the Council of Mortgage Lenders has reduced its forecast for repossessions in 2009 from 75,000 to 65,000.
- 4.13 The very low level of interest rates is certainly an important factor in helping to keep down the number of forced sellers, particularly for those on tracker or standard variable rate mortgages. Banks may also be more willing to look at alternatives to repossessions, particularly in an environment where many of the major mortgage lenders are wholly or partially owned by the state.

4.14 There are several other reasons why there are so few homes on the market, including:

- Recent changes to the Home Information Pack may have discouraged potential sellers from putting their homes on the market, particularly where sellers do not expect to achieve the desired price.
- With the current very low level of sales, some sellers may have withdrawn homes from the market if they remain unsold for some time – either deciding not to move until the market improves or renting out the property.
- The number of completions has fallen rapidly over the last year (see Section 6), thus reducing the number of new homes coming onto the market.

4.15 As a result of falling availability and a modest rise in sales, the ratio of stock to sales has fallen markedly from a peak of 7.7 unsold homes per sale in December 2008 to 4.0 in July 2009. This suggests that supply is tightening, although it clearly remains above the level of supply before the downturn – the average ratio was just 2.4 unsold homes per sale from October 2006 to October 2007.

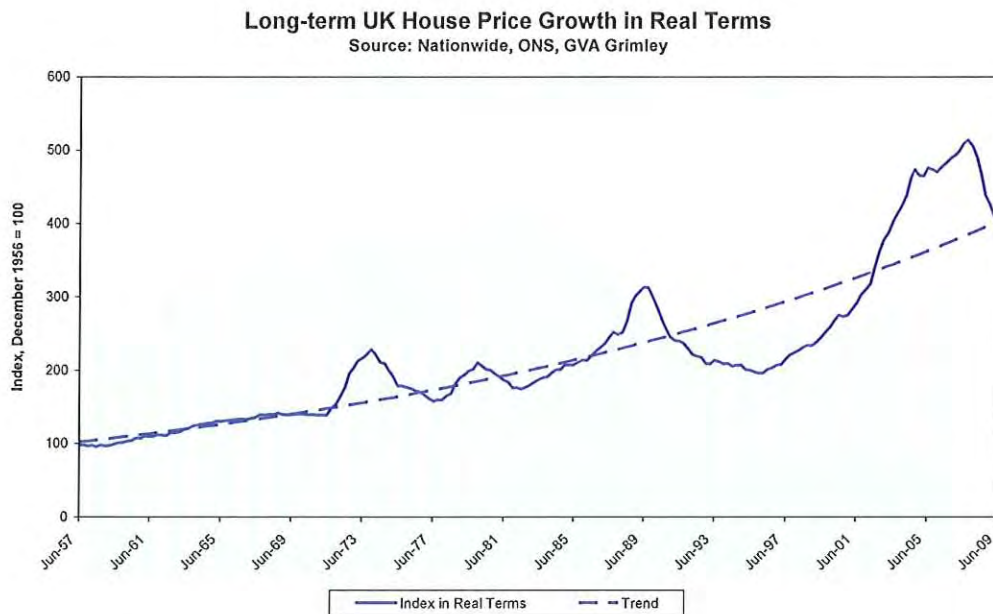
Average stock of homes and average sales per surveyor
Source: RICS Housing Market Survey



4.16 We believe that this demand / supply relationship is a key factor behind the recent improvement in the house price data. However, this relationship could change quite rapidly, and of more importance to the outlook over the next year are the underlying fundamentals of the market – in particular the outlook for the economy, consumer confidence and pricing and affordability issues. We examine these factors in the following sections.

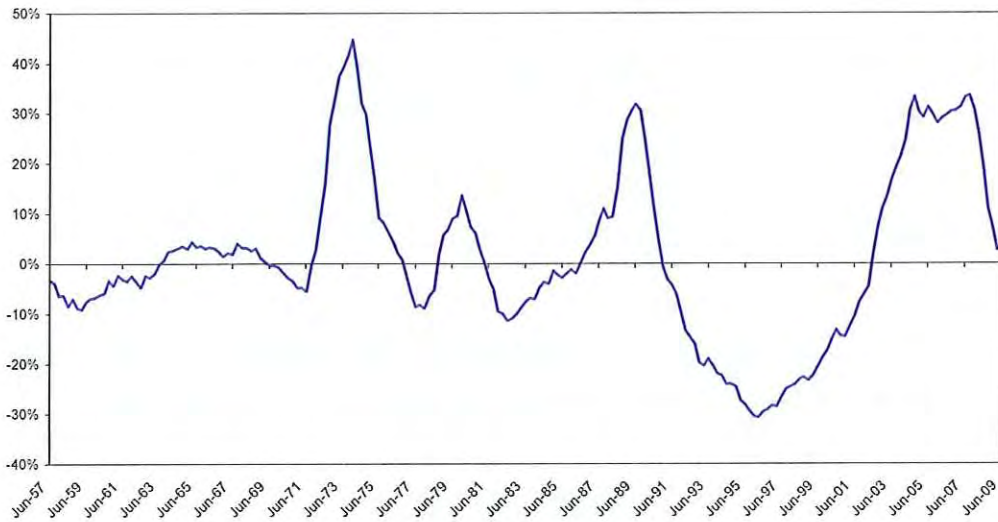
Pricing and Affordability

- 4.17 Using data from the Nationwide Index, the long-term trend rate of UK house price growth in real terms (since 1956) is 2.7% pa. As a result of strong house price inflation over much of the last decade, prices measured in real terms rose to well above their long-term trend level, followed by a rapid return towards trend over the last 18 months (although with rising prices over the last two months, values in real terms increased during Q2). This is shown in the following chart.
- 4.18 As house prices in real terms are now broadly in line with their trend level, we would expect a further fall in prices as the market overshoots, followed by a period of stagnation, before growth resumes. This has happened in previous recessions, most notably in the early-mid 1990s, as the chart below illustrates.



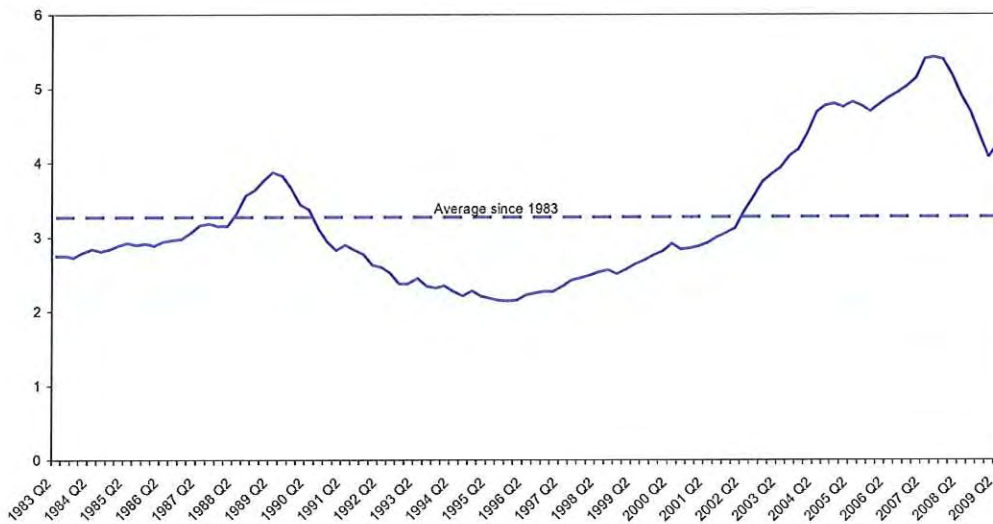
- 4.19 The next chart illustrates the same data in terms of the percentage above trend in real terms. House prices peaked at 34% above trend in Q3 2007, a figure which reduced to under 3% by Q1 2009, but increased to 4% in Q2, in line with the reported rise in prices.

UK House Prices - % above trend
Source: Nationwide, GVA Grimley



4.20 The house price to earnings ratio climbed steeply during the late 1990s and early 2000s and by the end of 2003, had reached a historically high level throughout most of the UK, and continued to rise into 2007. However, 2008 saw the ratio begin to fall in line with house prices, although it remains well above the long-term average level (and increased slightly in Q2 2009 in line with the reported rise in prices).

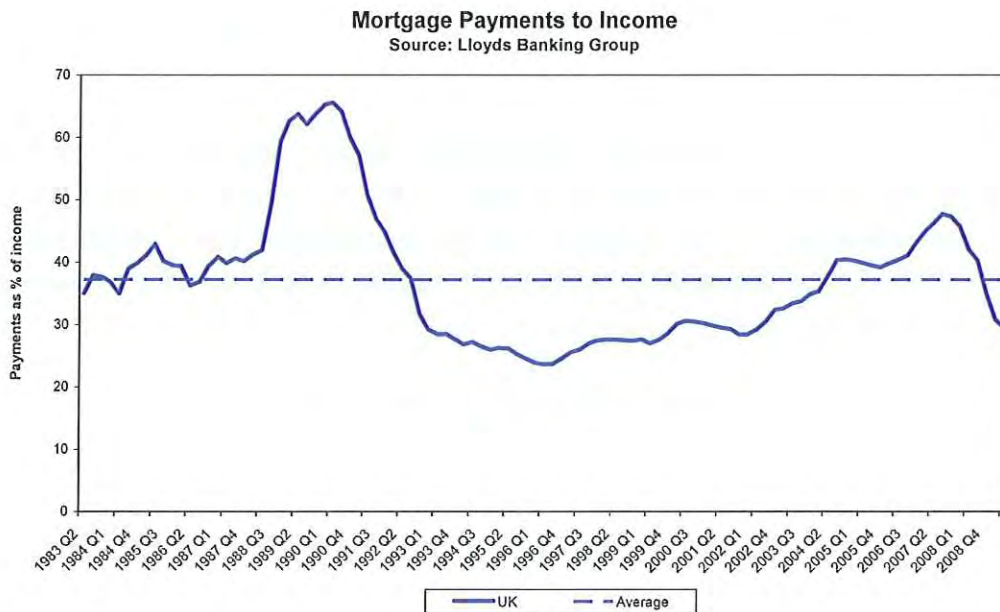
First Time Buyer House Price to Earnings Ratio
Source: Nationwide



4.21 However, the house price to earnings ratio does not tell the whole story. The following chart shows mortgage payments relative to household disposable income, as measured by the

Lloyds Banking Group. Rather than the traditional measure of house prices to earnings, this can be viewed as a more accurate measure of affordability, as it takes interest rates into account. This produces a very different result to the previous chart.

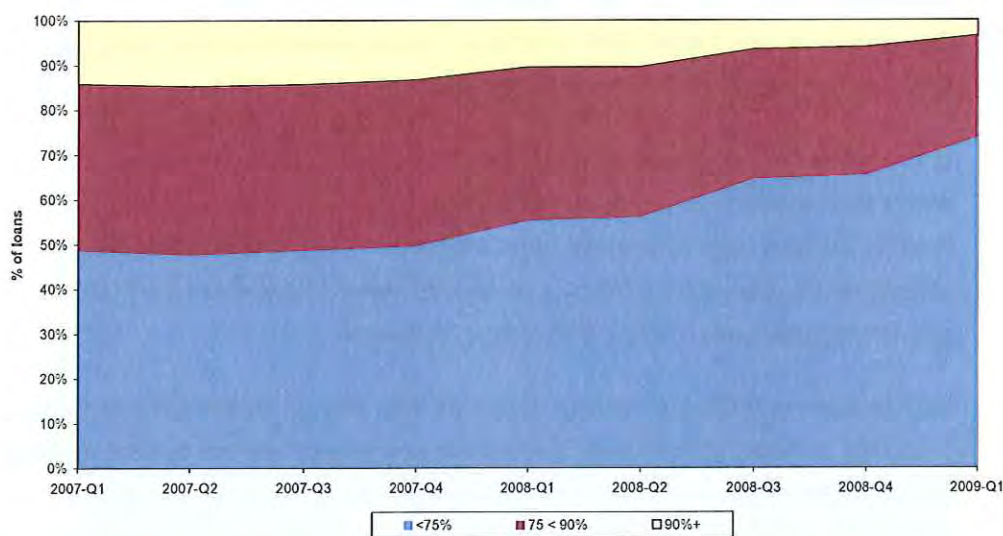
- 4.22 Affordability remained relatively stable from the mid-1990s to the early part of this decade, despite the increasing rate of house price inflation over the period, as lower interest rates kept affordability reasonably stable and better than in the 1980s (although capital repayment is more onerous due to lower income growth). This was followed by a sustained deterioration in affordability up to the end of 2007, although not to the extent that happened in the late 1980s / early 1990s.
- 4.23 More recently, affordability has improved significantly to well below the average of the last 25 years, due to a combination of falling house prices and lower interest rates.



- 4.24 Of course, increasing affordability is only of benefit to those who can get access to mortgage finance, or to cash buyers. The availability of credit remains more heavily restricted than before the credit crunch, both in terms of those who are able to obtain credit, and loan-to-value ratios, and is not likely to return to previous levels in the foreseeable future. The chart below illustrates the reduction in the proportion of mortgages granted at a loan-to-value ratio of more than 75% over the last two years.

Loan to value ratios

Source: FSA



The Short-term Outlook for Housing Demand

- 4.25 The UK economy and the UK housing market are both cyclical, and there is a close relationship between the two. In the decade from 1997 to 2007 the UK economy experienced an environment of low inflation, low interest rates and stable, reasonably strong, economic growth compared with the 'boom and bust' that characterised much of the post-war period.
- 4.26 This all changed with the 'credit crunch', the part-nationalisation of a large part of the UK banking system, and start of the worst economic recession since the 1930s. The UK has now been in recession since Q2 2008, although Q1 this year marked the low point, with a fall in output of -2.4%. Q2 improved significantly to -0.7% (still extremely bad by normal standards), but the latest indicators suggest that Q3 may actually see modest positive growth, signalling that the recession is officially over.
- 4.27 Economic growth consensus forecasts for 2009 are -4.3%, but 2010 is expected to see growth of +1%, followed by +2% in 2011 and +2.3% in 2012. This would be a noticeably weaker upturn than after the early 1990s recession and the longer term outlook is for weaker trend growth due to the state of public sector finances and the need for tax rises and cuts in public sector spending.
- 4.28 Although economic output may now be rising, it will not feel like the end of the recession for many households as unemployment will continue to rise for at least another year, and credit remains restricted.

- 4.29 Unemployment is a key factor in housing demand, as it not only has a direct affect on the level of mortgage arrears, repossessions and the ability to afford new mortgages, but the fear of redundancy also has a very significant psychological effect on buyer confidence. Unemployment lags behind GDP growth, and is not expected to stop rising until the end of 2010, with only weak positive employment growth returning in 2011.
- 4.30 In the light of the continued rise in unemployment and an uncertain and volatile economic backdrop, it appears very unlikely that there will be a sustained improvement in underlying housing demand over the short term. However, some buyers who are able to obtain mortgages are now taking advantage of lower market pricing and the low level of transactions over the last year has created a pool of pent up demand.
- 4.31 Interest rates at 0.5% are virtually as low as they can go so the Bank of England is now loosening monetary policy further by injecting new money into the system by buying bonds and government securities (Quantitative Easing) and hoping that banks will lend the money they receive. If they do, this could stimulate activity and help end the recession, but there is a fine balance between stimulating the economy and creating inflation.
- 4.32 Once the Bank of England believes a sustained recovery is under way, it will want to raise interest rates aggressively, to stave of the threat of inflation and keep CPI within its target range. The latest forecasts from Experian suggest that the official base rate will rise in the second half of 2010 from its current 0.5% to 1.5% and will be 3.5% by the end of 2011. There is naturally a very large amount of uncertainty surrounding the timing. But when interest rates rise, as they inevitable will do as recovery strengthens, this will have major consequences on the housing market, as affordability deteriorates, and will act as a brake on demand.

The Short-term Outlook for House Prices

- 4.33 After nearly a decade of booming house prices, the market went into reverse during 2008, triggered by a shock to the market caused by the 'credit crunch', which has resulted in decreased availability and increased cost of mortgages. This initial supply-led slowdown subsequently fed firmly through to the demand side, with consumers feeling less wealthy through the effects of higher consumer price inflation during the second half of 2008, followed by a rapid deterioration in the prospects for the real economy and the start of recession.
- 4.34 Whilst recent months have seen prices begin to rise again, there remains considerable uncertainty over house price movement in the short term. This is due to a number of factors, including:
- Uncertainty over how long economic recovery will take;

-
- Uncertainty over how successful the Government's initiatives to help the banking sector will prove to be, and how quickly credit conditions will improve in the UK mortgage market;
 - The unpredictable nature of buyer sentiment;
 - The tendency of markets to overshoot in upturns and downturns; and
 - In the 1990s post recession upturn, house prices only started increasing year-on-year in 1996, four years after the end of the recession.
- 4.35 Based on Nationwide figures, we calculate that the average UK house price is around 4% above its long-term value in real terms. This suggests that prices have further to fall, particularly given the likelihood of the market overshooting, and so a much larger reduction is very possible before the market bottoms out.
- 4.36 The full benefits of a further fall in prices will only be felt in the housing market if this is accompanied by a reduction in the rates of interest being charged on home loans across the board, higher loan-to-value ratios being accepted, and there is a general increase in the availability of mortgage finance.
- 4.37 With unemployment set to rise for some time to come and mortgage finance still restricted, we do not expect the rise in prices seen during the last few months to be sustained. A resumption of house price falls is likely, although not to the extent seen over the last two years, and there will continue to be months where prices do show an increase.
- 4.38 Eventually prices will begin to stabilise again, due to improved affordability and improving conditions in the wider economy, although the economic recovery that will be required to boost the market now looks more likely to occur from 2011 than 2010.
- 4.39 If, as we expect, there are further price falls in the current downturn, this will take prices below their long-term trend level, making a period of above-trend growth more likely at some point during the recovery phase, post 2010, to allow prices to return to trend. However, the extent and timing of this is hard to predict.
- 4.40 As the market recovers, considerable pent-up buyer demand will be released, and this will contrast with a supply shortage, particularly for new homes, as developers have significantly scaled back their building programmes. However, a combination of rising prices and rising interest rates will begin to erode the affordability gains that have been made.

The Long-term Outlook

Demand - Household Growth

- 4.41 In the longer term, one of the most significant determinants of housing demand is the impact of demographic change. The UK's population is set to rise by an average of 0.7% pa from 2006 to 2026, according to the latest official forecasts.
- 4.42 However, of more relevance to the demand for housing is the change in the number of households. The latest projections for household growth in England were undertaken in 2009 for the CLG. These project a rise of 1.1% pa from 2006 to 2026, increasing the number of households by around 5.2 million in total, the equivalent of 260,000 pa. This is a higher rate than previous projections, which anticipated an increase of around 210,000 households pa over the same period.
- 4.43 The rapid increase in the number of households is due to a combination of a rising population and a decrease in the average household size. In 2006, the average household size in England was 2.32 people, but by 2026 this is projected to fall to 2.16 people. This has implications for the type and size of housing that may be demanded as well as the overall volume.

Supply

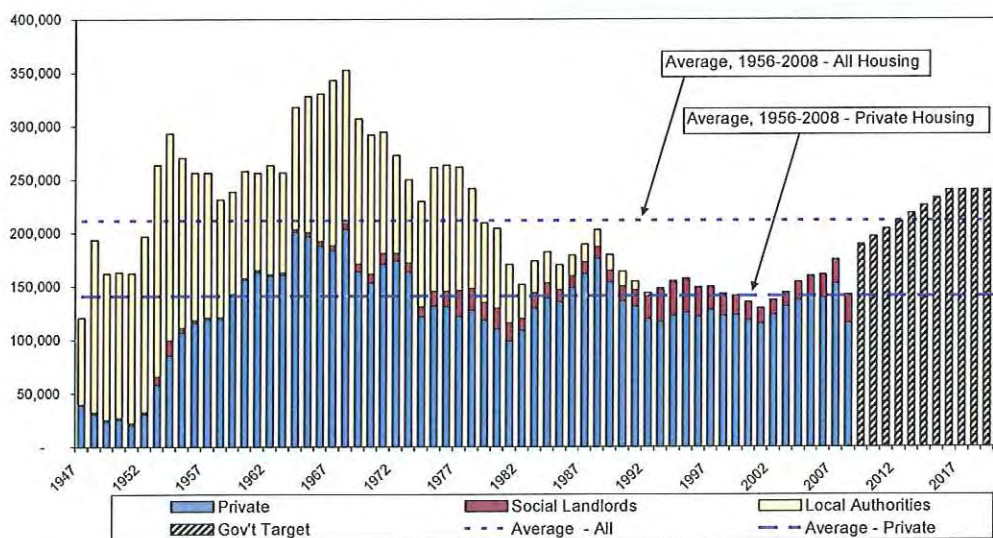
- 4.44 Over the last 50 years, housing completions in England have averaged almost 214,000 pa, but the level of activity reduced dramatically since the early 1980s, largely as a result of the end of local authority housing construction. The average has been only 158,000 pa over the last 25 years (1984-2008).
- 4.45 The last 15 years have seen a relatively stable level of completions, which bottomed out in 2001 at under 130,000. The subsequent six years have seen a slow but steady increase, with almost 175,000 dwellings completed in 2007, the highest level since 1989.
- 4.46 However, now that the market has turned, housebuilders are reducing their rates of output. 2008 saw a marked fall in completions to just 142,000, the lowest figure since 2002. Indeed, only six years since 1945 have seen a lower level of completions. 2009 is likely to see another marked fall in the number of completions, to probably 100,000 or lower. These trends are illustrated in the following chart (NB: It should be noted that the figures for private housing also include affordable housing constructed by the private sector).
- 4.47 Recent levels of completions are nowhere near what would be needed to match the projected increase in the number of households. With the level of household formation projected to

exceed the current levels of housebuilding over the next decade, the Government has set a target for increasing the level of housebuilding to reduce the deficit. The target for England is to increase the level of construction to 240,000 units per annum by 2016, and to maintain it at this level until 2020.

- 4.48 This target already looked difficult to achieve before the downturn in the market due to many constraints, including those in the planning system, the construction industry, and in terms of the availability of acceptable sites, as well as affordable housing and sustainability requirements. The following chart shows the Government's target compared with past construction rates, illustrating the magnitude of what is proposed.

Housing Completions in England, 1947-2008

Source: CLG, GVA Grimley



- 4.49 The projected increase in households in England to 2026 of 260,000 per annum is considerably more than the average annual number of houses constructed over the last 25 years (159,000 pa) or the last decade (148,000 pa). Indeed, the highest total achieved in any year since 1995 is the 175,000 in 2007. The projected increase in households is also greater than the government's target for housebuilding of 240,000 pa by 2016.

- 4.50 It is therefore very likely that housing demand will continue to exceed supply over the long term, unless there is a step-change in construction activity (which appears unlikely given the constraints of the planning system and capacity constraints in the construction industry). At the regional and local level the picture is of course more complicated, with the highest demand and most significant capacity constraints focussed on London and the South East and Eastern regions.

Long-term Outlook for House Prices

- 4.51 Over the long term, the provision of new housing is likely to be below the demand for additional housing, as we have outlined above. The backlog of housing need is therefore likely to rise over time, unless there is a significantly lower demand than is currently expected, or a seismic shift in government policy towards the provision of housing, both of which appear unlikely.
- 4.52 After the market recovers from the current downturn, house price growth should resume, and begin to move back towards the historical long-term trend rate of around 2.5% pa in real terms, or around 5% pa in nominal terms (assuming RPI inflation of around 2.5%). However, it is possible that the trend rate of growth may actually be higher than this due to the supply / demand imbalance – clearly much will depend on the success of future governments in increasing the rate of house building.

5. REGIONAL AND LOCAL MARKET CONDITIONS

The West Midlands

- 5.1 Quarterly figures published by the Halifax for the West Midlands suggest that as at the end of the second quarter 2009, the annual rate of house price inflation stood at -15.5% (i.e. deflation), slightly exceeding the UK average of -15.0%. The average house price in the Region as at the end of the second quarter was £146,178 (all houses) which was 7% below the UK average for the same period of £156,944.
- 5.2 With reference to new house prices, the Halifax indicates that as at Quarter 2 2009 the average new build house price in the West Midlands region stood at £132,812 reflecting a reduction of 36.4% on Quarter 2 2008 figures and 41% from Quarter 1 2008. Clearly house builders suffered significant losses as they were forced to accept significant discounts. However, this index shows a considerable improvement in new house prices (9.26%) between Quarter 2 2009 and Quarter 3 2009.
- 5.3 Over the last five years house prices in the region have increased and then fallen, overall falling by 4%. However, as with all Regions there has been significant variation in the rate of house price inflation experienced in the individual postal addresses sampled by the Halifax.

House Prices - Existing Stock

- 5.4 The table below illustrates average house prices for different property types (including new build) across the West Midland region as at Quarter 2 2009. Prices shown in the following tables are arithmetic average prices of houses on which an offer of mortgage has been granted. These prices are not standardised and therefore can be affected by changes in the sample from quarter to quarter.

Table 5.1: Average House Prices across the West Midlands Region

		Age of Property					
		Pre-1919	1919-1945	1946-1960	1960+, Not New	New	All Properties
Date	Category	Average Price	Average Price	Average Price	Average Price	Average Price	Average Price
Q2 2009	Terraced	109,965	99,624	104,129	119,870	141,357	110,217
Q2 2009	Semi-Detached	176,925	135,651	126,769	139,179	0	137,553
Q2 2009	Detached	0	0	0	225,522	0	254,290
Q2 2009	Bungalows	0	0	0	0	0	177,480
Q2 2009	Flat & Mais.	0	0	0	93,969	0	94,508
Q2 2009	All Properties	143,994	131,528	137,050	158,901	180,141	146,114

5.5 Table 5.2 below (sourced from Up My Street), identifies the average house prices of different dwelling types at both county and regional level for the period April – June 2009. Although the figures are broadly consistent with Table 5.1, slight variations exist given that the tables are based upon slightly different data sets. However, Table 5.2 does provide a framework from which to analyse house price data at a county and regional level.

Table 5.2: House Prices at County and Regional Level

Property Type	Worcestershire (Average Price £)	West Midlands (Average Price £)
Detached	250,237	246,328
Semi-detached	158,970	142,886
Terraced	137,196	117,348
Flats	114,901	109,287

Source: www.upmystreet.com (taken from Land Registry data) (August 2009)

5.6 Table 5.2 shows that for all dwelling types, Worcestershire's average house prices are above regional averages.

5.7 Data on average house prices for Wyre Forest District is not available. However, Table 5.3 below identifies the house prices for different dwelling types for the Districts three main towns; Kidderminster, Stourport-on-Severn and Bewdley. The prices relate to the period April – June 2009, and being sourced from Up My Street, can be easily compared with Table 5.2 at county and regional level.

Table 5.3: House Prices at Local Level

Property Type	Kidderminster (Average Price £)	Stourport-on-Severn (Average Price £)	Bewdley (Average Price £)
Detached	200,941	227,643	246,500
Semi-detached	127,108	129,500	133,667
Terraced	122,514	148,000	N/A ¹
Flats	96,597	N/A ¹	128,167

Source: www.upmystreet.com (taken from Land Registry data) (August 2009)

- 5.8 Tables 5.3 and 5.2 show that average house prices in the three main settlements are generally lower than West Midlands averages. Exceptions include the average price of detached dwellings in Bewdley, (which broadly accord to the West Midlands average), and the price of terraced houses in both Kidderminster and Stourport-on-Severn (the latter being significantly above the West Midlands average). In addition, the average price of flats in Bewdley is significantly above the West Midlands average.
- 5.9 Average prices in the three main centres in Wyre Forreast District are significantly below Worcestershire averages, given that average house prices at county level are significantly higher than the West Midlands. However, exceptions include the average price of terraced houses in Stourport and flats in Bewdley, which are above the county average.
- 5.10 Table 5.3 shows that the average house prices in Bewdley are significantly higher than in Kidderminster and Stourport-on-Severn, where data is available. This is likely to be a function of the type of property stock available and the appeal of the area to more affluent purchasers.

Demand

- 5.11 Rightmove Demand reports produced for Rightmove Plus produce figures for searches carried out on the web site by potential purchasers. Over 20,000 agents advertise their properties with Rightmove with over 1,120,000 properties for sale or rent in the UK and overseas. The following tables illustrate the number of searches carried out for different property types in the main towns in the Wyre Forest District during July 2009.

¹ These figures were unavailable due to the fact there were too few sales for these house types within this period.

*Kidderminster***Table 5.4: Number of Searches Carried out for Different Property Types in Kidderminster**

Property Type	Minimum No. of bedrooms	Total searches	%
Houses	1 or more	11,861	15.65
Houses	2 or more	11,758	15.65
Houses	3 or more	10,173	13.54
Houses	4 or more	7,175	9.55
Houses	5 or more	6,237	8.30
Flats/Apartments	1 or more	7,771	10.35
Flats/Apartments	2 or more	7,696	10.25
Flats/Apartments	3 or more	6,901	9.19
Flats/Apartments	4 or more	5,512	7.34
Totals		75,084	100

*Bewdley***Table 5.5: Number of Searches Carried out for Different Property Types in Bewdley**

Property Type	Minimum No. of bedrooms	Total searches	%
Houses	1 or more	8298	13.91
Houses	2 or more	8183	13.72
Houses	3 or more	7223	12.11
Houses	4 or more	6079	10.19
Houses	5 or more	5543	9.29
Flats / Apartments	1 or more	6623	11.10
Flats / Apartments	2 or more	6535	10.96
Flats / Apartments	3 or more	5903	9.90
Flats / Apartments	4 or more	5260	8.82
Totals		59647	100

*Stourport on Severn***Table 5.6: Number of Searches Carried out for Different Property Types in Stourport on Severn**

Property Type	Minimum No. of bedrooms	Total searches	%
Houses	1 or more	3820	15.06
Houses	2 or more	3795	14.96
Houses	3 or more	3192	12.58
Houses	4 or more	2491	9.82
Houses	5 or more	2178	8.58
Flats / Apartments	1 or more	2744	10.82
Flats / Apartments	2 or more	2717	10.71
Flats / Apartments	3 or more	2386	9.40
Flats / Apartments	4 or more	2036	8.02
Total		25359	100

- 5.12 The RICS Housing Market Survey July 2009 has produced a number of regional comments from Chartered Surveyors across the region. Doolittle & Dalley Chartered Surveyors suggest that fears of redundancy and the general economic climate are stifling sales. However, there is evidence that investors are looking to purchase property to let. Levels of enquiries are increasing, but are still lower than normal for the time of year. In addition, higher levels of enquiries received over the last month, but still little conversion from 'offers' to 'sales'. This indicates signs of improvement in enquiries, but still hesitancy of prospective buyers.
- 5.13 Brian Holt Chartered Surveyors report generally more activity, more viewings, more offers and more agreed sales whilst Halls Chartered Surveyors suggests the market across all price sectors is still very tricky. However, they add that realistically priced properties still selling okay. This is in line with markets comments from Edward Gallimore Chartered Surveyors, who believes that buyers are watching for the realistically or more attractively priced properties.

6. DEVELOPMENT ACTIVITY

- 6.1 There are number of local and national developers currently active across the District and just outside. The developments comprise a mix of apartments and traditional housing schemes of various densities, some of which are single building plots. The majority of development is centred in and around Kidderminster and Stourport on Severn, with limited development activity found in more rural locations, for example Clows Top, Bewdley and Chaddesley Corbett.
- 6.2 Sales values across the District vary widely due to the nature of the schemes, unit types available and quality of the surrounding locations.
- 6.3 A plan illustrating the locations within the District and surrounding locations where developers are currently active is attached at Appendix B.

Residential Dwelling Prices – New Build

- 6.4 We have obtained the following details of new build residential developments in and around the Wyre Forest District.

Cox Homes – Clent Court, Summerfield Road, Holy Cross, Clent, DY9 9AL

- 6.5 This development comprises 40 one, two and three bedroom apartments, some of which are situated over two floors. The apartments are located in a semi rural location within reach of several small towns and villages providing amenities. All apartments benefit from one allocated car parking space and the use of further visitor spaces within the development. The apartments also benefit from communal gardens. The apartments are available on a traditional purchase or on a shared ownership option at 75% with no rent payable on the remaining 25% share. We understand that Plots 5-12 and 14 are currently reserved whilst Plot 11 has now sold. However, we have been unable to obtain any further detail as to sales prices achieved at this development.

6.6 The following highlights available properties as at July 2009:

Table 6.1: Available Properties at Clent Court as of July 2009

Unit Type (Plot)	Description	Sq ft (approx)	Asking Price	Asking Price per sq ft
Apartment 1	2 bed, ground floor apartment	1,089	£295,000	£270.89
Apartment 2	2 bed, ground floor apartment	767	£203,000	£264.67
Apartment 3	2 bed, ground floor apartment	729	£200,000	£274.35
Apartment 4	2 bed, ground floor apartment	759	£208,000	£274.04
Apartment 6	1 bed, ground floor apartment	441	£135,000	£306.12
Apartment 7	2 bed, ground floor apartment	872	£235,000	£269.50
Apartment 8	2 bed, 1 st / 2 nd floor apartment	1,189	£315,000	£264.93
Apartment 9	2 bed, 1 st / 2 nd floor apartment	1,118	£310,000	£277.28
Apartment 13	2 bed, first floor apartment	988	£275,000	£278.34
Total		7,952	£2,176,000	
Average		884	£241,778	£273.64

* also available for 75% shared ownership

** Information supplied by marketing agent

Barratt Homes - Waters Edge, Severn Side, Stourport on Severn, DY13 9FJ

6.7 This development of 144 units comprises a mix of one, two and four bedroom homes with future availability to include one and two bedroom apartments, and two, three and four bedroom town houses.

6.8 Marketing began on the site in March 2008 and the development is expected to be complete and sold out in approximately two to three years. Incentives currently on offer include part exchange on four bedroom houses. The on site sales staff advise that four properties were reserved in July 2009.

6.9 The following table highlights available properties as of August 2009:

Table 6.2: Available Properties at Waters Edge, as of August 2009

Unit Type (Plot)	Description	Sq ft (approx)	Asking Price	Asking Price per sq ft
Waterfall House (Plot 77)	1 bedroom apartment with parking	492	£100,950	£205.18
Waterfall House (Plot 62)	1 bedroom apartment with parking	509	£112,750	£221.51
Waterfall House (Plot 61)	2 bedroom apartment with parking	685	£151,500	£221.17

Unit Type (Plot)	Description	Sq ft (approx)	Asking Price	Asking Price per sq ft
Waterfall House (Plot 64)	2 bedroom apartment with parking	800	£173,250	£216.56
Waterfall House (Plot 72)	2 bedroom apartment with parking	800	£176,750	£220.94
Waterfall House (Plot 81)	2 bedroom apartment with parking	673	£158,500	£235.51
Waterfall House (Plot 82)	2 bedroom apartment with parking	673	£158,500	£235.51
Wharfe (28)	4 bedroom 3 storey terrace with parking	1,485	£212,000	£142.76
Total		6,117	£1,244,200	
Average		765	£155,525	£203.40

* Information supplied by on site marketing suite

- 6.10 We have been advised by the onsite sales staff of the following reservations which took place in July 2009:

Table 6.3: Reservations Made at Waters Edge in July 2009

Unit Type	Sq ft (approx)	Completion price	Reservation Date	Completion Price per sq ft	Completion date
Plot 75 - 2 bedroom apartment	623	£137,950	July 2009	£221.43	n/a
Plot 60 - 2 bedroom apartment	662	£146,950	July 2009	£221.98	n/a
Plot 29 - Wharfe - 4 bedroom terrace	1,485	£212,000	July 2009	£142.76	n/a
Ploy 69 - 1 bedroom apartment	492	£100,950	July 2009	£205.18	n/a
Total	3,262	£597,850			
Average	816	£149,463		£183.28	n/a

* Information supplied by on site marketing suite

** Plot 75 and Plot 69 sold on Homebuy direct

*** Plot 60 included removals and wardrobes

****Plot 29 included part exchange

Venture Construction – Windmill View, Stourport on Severn, DY13 0LB

- 6.11 This development comprises 5 four bedroom detached houses. Each property comprises dining room, drawing room, study, fully fitted kitchen / utility, family bathroom, en-suite and full alarm system. Each property also benefits from a double garage with up-and-over doors. We have been advised by the marketing agent, Michelle Mosedale that two properties exchanged in August 2009.

6.12 We have been advised of three available properties at the development:

Table 6.4: Available Properties at Windmill View

Unit Type (Plot)	Description	Sq ft (approx)	Asking Price	Asking Price per sq ft
Plot 2	4 bed detached house	1,400	£299,000	£213.57
Plot 3	4 bed detached house	1,400	£307,000	£219.29
Plot 4	4 bed detached house	1,400	£310,000	£221.43
Total		4,200	£916,000	
Average		1,400	£305,333	£218.10

* Information supplied by local agents

6.13 We have also been advised of the following exchanged properties:

Table 6.5: Exchanged Properties at Windmill View

Unit Type	Sq ft (approx)	Completion price	Reservation Date	Completion Price per sq ft	Completion date
Plot 1 - 4 bed detached house	1,400	£300,000	August 09	£214.29	
Plot 5 - 4 bed detached house	1,400	£270,000	August 09	£192.86	
Total	2,800	£570,000			
Average	1,400	£285,000		£203.57	

* Information supplied by local agents

Parks Passage, Stourport on Severn, Worcestershire

6.14 This development of new build properties by a local developer comprises 2 four bedroom detached houses. The properties benefits from off-road parking and a garage. Both properties are on the market at asking prices of £265,000. We have not been provided with any further details of these properties.

Worcester Road, Stourport on Severn, DY13 9AR

6.15 This newly constructed four bedroom detached property benefits from two bathrooms and driveway providing parking.

6.16 The property extends to approximately 2,000 sq ft and is on the market at an asking price of £325,000 equating to £162.50 per sq ft. Marketing Agent, Phipps & Pritchard have indicated that part exchange is available on this property subject to conditions.

L J Developments Limited (Midlands) – Areley Common, Stourport on Severn, Worcestershire

- 6.17 This property comprises a spacious detached family home recently constructed. The property comprises four bedrooms, one being en-suite. The property benefits from an integral garage and on drive parking. The property is on the market at an asking price of £265,000.

John Murphy – High Street, Kinver, DY9

- 6.18 This development comprises a bungalow, two cottages and a renovated detached house. The properties are being marketed by local Estate Agents The Lee Shaw Partnership. We have been advised that Hawthorne Cottage comprising three bedrooms sold in July 2009 whilst all the other properties upon the development remain available.

- 6.19 The following table highlights available properties:

Table 6.6: Available Properties on the High Street, Kinver

Unit Type (Plot)	Description	Sq ft (approx)	Asking Price	Asking Price per sq ft
Firs Bungalow, High St	2 Bed detached bungalow	Not available	£225,000	n/a
Holly Cottage, High St	3 Bed semi detached house	Not available	£225,000	n/a
Inglebrook House, High St	Detached 3 Bed house with en-suite	Not available	£325,000	n/a
Total		n/a	£775,000	
Average		n/a	£258,333	n/a

* Information supplied by local agents

- 6.20 We have been advised of the following completion upon the site:

Table 6.7: Completions on the High Street, Kinver

Unit Type	Sq ft (approx)	Reservation Price	Reservation Date	Completion Price per sq ft	Completion date
Hawthorne Cottage - 3 bed semi detached house	Not available	£213,000	July 2009	n/a	n/a
Total	n/a	£213,000			
Average	n/a	£213,000		n/a	

* Information supplied by local agents

Enville Road, Kinver, DY9

- 6.21 Estate Agents The Lee Shaw Partnership advise that a new build property comprising four bedrooms sold in Winter 2008. The property was detached and comprised 2,000 sq ft. The

property was on the market at an asking price of £400,000 and sold in December 2008 at £360,000 equating to £180 per sq ft.

Table 6.8: Information on Properties at Enville Road, Kinver

Unit Type	Sq ft (approx)	Completion price	Reservation Date	Completion Price per sq ft	Completion date
Asprey House - 4 bed detached house	2,000	£360,000	unknown	£180.00	Dec 2008
Total	2,000	£360,000			
Average	2,000	£360,000		£180.00	

* Information supplied by local agents

Coningsby Drive, Kidderminster, DY11 5LX

- 6.22 This small development of two plots by a local developer comprises 2 four bedroom detached houses benefiting from rural views to the rear. Each property comprises a reception hall, cloakroom / WC, fully fitted dining kitchen with integral white goods, living room, gallery landing, four bedrooms, one being en-suite and family bathroom. Each property benefits from a block paved driveway providing parking for two cars along with an integral garage and fully enclosed rear garden. The Marketing Agent, Phipps & Pritchard advises that one of the properties completed in June 2009. The property completed at £228,000. We have not been provided with any details as to square feet of either of the properties. However, we have been advised that the property sold at its asking price. The remaining four bedroom detached house is currently on the market at an asking price of £220,000.

Figure 6.9: Information on Properties at Coningsby Drive, Kidderminster

Unit Type	Sq ft (approx)	Completion price	Reservation Date	Completion Price per sq ft	Completion date
Coningsby Drive - 4 bed detached house	unknown	£228,000	unknown	n/a	June 09
Total	0	£228,000			
Average	n/a	£228,000		n/a	

* Information supplied by local agents

Cox Homes – Gordon Place / Fairfield Place, Kidderminster, DY10 1UY

- 6.23 This small development built by local house builder Cox Homes comprises two semi detached properties along with two detached bungalows. Each semi detached property comprises three storeys and benefits from four bedrooms, single integrated garage and on drive parking.

- 6.24 The following details of the available properties have been provided by the Marketing Agent Lex Allan & Gregson:

Table 6.10: Information on Properties at Gordon Place / Fairfield Place, Kidderminster

Unit Type (Plot)	Description	Sq ft (approx)	Asking Price	Asking Price per sq ft
Plot 1	2 bedroom detached bungalow with garage	unknown	£219,500	n/a
Plot 2	2 bedroom detached bungalow with garage	unknown	£219,500	n/a
Plot 3	4 bedroom 3 storey semi detached with garage	unknown	£240,000	n/a
Plot 4	4 bedroom 3 storey semi detached with garage	unknown	£245,000	n/a
Total		0	£924,000	
Average		n/a	£231,000	n/a

* Information supplied by marketing agent

Cox Homes – Millers Rest, Wolverhampton Road, Kidderminster, Worcestershire, DY10 2UT

- 6.25 This development comprises 12 two and three storey town houses. The properties benefit from one allocated car parking space along with use of six visitor spaces. Plots 3, 4, 9 and 10 benefit from garage with up-an-over door. We have been advised that one property completed in June 2009. The property comprised plot 6, a two bedroom, two storey end terrace property.
- 6.26 The following highlights available properties upon the development:

Table 6.11: Available Properties at Millers Rest, Wolverhampton Road, Kidderminster

Unit Type (Plot)	Description	Sq ft (approx)	Asking Price	Asking Price per sq ft
Plot 2	2 bedroom 2 storey terrace	650	£129,000	£198.46
Plot 3	3 bedroom 3 storey terrace with garage	930	£145,000	£155.91
Plot 4	3 bedroom 3 storey terrace with garage	930	£145,000	£155.91
Plot 5	2 bedroom 2 storey terrace	650	£129,000	£198.46
Plot 7	2 bedroom 2 storey end terrace	650	£132,999	£204.61
Plot 8	2 bedroom 2 storey terrace	650	£129,000	£198.46
Plot 9	3 bedroom 3 storey terrace with garage	930	£145,000	£155.91
Plot 10	3 bedroom 3 storey terrace with garage	930	£145,000	£155.91
Plot 11	3 bedroom 3 storey mid terrace with garage	930	£139,000	£149.46
Plot 12	3 bedroom 3 storey end terrace with garage	930	£145,000	£155.91
Total		8,700	£1,383,999	
Average		870	£138,400	£169.19

* Information supplied by marketing agent

6.27 We have been advised of the following completion:

Table 6.12: Completions at Millers Rest, Wolverhampton Road, Kidderminster

Unit Type	Sq ft (approx)	Completion price	Reservation Date	Completion Price per sq ft	Completion date
Plot 6 - 2 bedroom 2 storey end terrace	650	£127,500	unknown	£196.15	Jun-09
Total	750	£127,500			
Average	750	£127,500		£170.00	

* Information supplied by on site marketing suite

** information verified on Rightmove house prices

Millbank Court, Mill Street, Kidderminster

6.28 This development of 15 one and two bedroom apartments situated on Mill Street is located close by to local amenities of Kidderminster Town Centre. The development benefits from secure gated parking accessed via electric wrought iron gates. We understand that all apartments are currently available with no sales having taken place

6.29 The Marketing Agent, Connells Kidderminster advises us of the following available properties:

Table 6.15: Available Properties at Millbank Court, Mill Street, Kidderminster

Unit Type (Plot)	Description	Sq ft (approx)	Asking Price	Asking Price per sq ft
Plot 1	1 bed apartment, parking	450	£89,999	£200.00
Plot 2	2 bed apartment, parking	600	£119,950	£199.92
Plot 3	2 bed apartment, parking	600	£119,950	£199.92
Plot 4	2 bed apartment, parking	600	£119,950	£199.92
Plot 6	2 bed apartment, parking	600	£119,950	£199.92
Plot 8	2 bed apartment, parking	600	£119,950	£199.92
Plot 9	2 bed apartment, parking	600	£119,950	£199.92
Plot 10	2 bed apartment, parking	600	£119,950	£199.92
Plot 11	2 bed apartment, parking	600	£119,950	£199.92
Plot 12	2 bed apartment, parking	600	£119,950	£199.92
Plot 14	2 bed apartment, parking	850	£132,950	£156.41
Plot 16	2 bed apartment, parking	850	£135,950	£159.94
Total		7,550	£1,438,449	
Average		629	£119,871	£190.52

* Information supplied by local agents

** Sq ft provided by developer. Penthouses range between 800 - 900 sq ft

Table 6.16: Completions at Millbank Court, Mill Street, Kidderminster

Unit Type	Sq ft (approx)	Completion price	Reservation Date	Completion Price per sq ft	Completion date
Plot 5 - 2 bedroom apartment with parking	600	115,000	Aug-09	191.67	n/a
Plot 7 - 1 bedroom apartment with parking	450	89,999	Aug-09	200.00	n/a
Total	1,050	£204,999			
Average	525	£102,500		£195.24	

* Information supplied by local agents

** Plot 5 reduction with straight discount on asking price.

Perrett Walk, Kidderminster

- 6.30 This development located on the perimeter of Kidderminster town centre comprises a two storey newly constructed block of apartments. The development benefits from tarmac off-road parking behind remote controlled gated access. There is a communal patio area for residents.
- 6.31 We understand there are currently no properties for sale at the development. However, we have been advised by the Marketing Agent, Doolittle & Dalley, of the following completions at the site:

Table 6.17: Completions at Perrett Walk, Kidderminster

Unit Type	Sq ft (approx)	Completion price	Reservation Date	Completion Price per sq ft	Completion date
29 - Ground floor 2 bedroom apartment	750	£113,500	July 2009	£151.33	
31 - first floor 2 bedroom apartment	700	£109,000	August 2009	£155.71	
32 - ground floor 2 bedroom apartment	700	£113,000	July 2009	£161.43	
38 - second floor 2 bedroom apartment with en-suite	775	£147,500	July 2009	£190.32	
2 bedroom apartment	750	£114,000	unknown	£152.00	Jul-09
2 bedroom apartment	700	£105,000	unknown	£150.00	Jul-09
33 - ground floor 2 bedroom apartment	700	£114,950	July 2009	£164.21	
Total	5,075	£816,950			
Average	725	£116,707		£160.98	

* Information supplied by local agents

** plots 34, 35, 37,39,40 and 41 sold to an investor in April 2009 for £750,000

45 Hume Street, Kidderminster

- 6.32 This property comprises a three bedroom terraced property. This development by an unknown local developer comprises six plots. We understand a three bedroom terraced property sold in March 2009 for £179,950.

Miller Homes – Badgers Dene, Franchise Street, Kidderminster, DY11 8RE

- 6.33 This development comprises two, three and four bedroom homes with asking prices ranging from £108,950 to £169,950. A number of apartments are currently available to purchase off plan. We have been advised by the on site sales staff of the following available properties:

Table 6.18: Available Properties at Badgers Dene, Franchise Street, Kidderminster

Unit Type (Plot)	Description	Sq ft (approx)	Asking Price	Asking Price per sq ft
Plot 39	4 bed townhouse, garage	1,033	£169,950	£164.52
Plot 40	4 bed townhouse, garage	1,033	£169,950	£164.52
Plot 5	2 bed apartment, ground floor	622	£108,950	£175.16
Plot 6	2 bed apartment, first floor	622	£109,950	£176.77
Plot 7	2 bed apartment, first floor, garage	622	£110,950	£178.38
Plot 8	2 bed apartment, second floor	622	£112,950	£181.59
Plot 9	2 bed apartment, second floor	622	£112,950	£181.59
Plot 11	2 bed apartment, second floor, balcony	595	£115,950	£194.87
Total		5,771	£1,011,600	
Average		721	£126,450	£175.29

* Information supplied by on site marketing suite

** All plots available on Home Buy Direct Scheme

- 6.34 We have been advised by the onsite sales staff of the following reservations which took place in July 2009:

Table 6.19: Reservations Made at Badgers Dene, Franchise Street, Kidderminster

Unit Type	Sq ft (approx)	Completion price	Reservation Date	Completion Price per sq ft	Completion date
Plot 4 - 2 bed apartment, ground floor	622	£108,950	Jul-09	£175.16	n/a
Plot 10 - 2 bed apartment , third floor, balcony	595	£115,950	Jul-09	£194.87	n/a
Total					
Average	609	£112,450		£184.80	

* Information supplied by local agents

** All plots available on Home Buy Direct Scheme

*** information verified on Rightmove house prices

Venture Construction and Developments Ltd - 339 Chester Road North, Kidderminster, DY10 2RF

- 6.35 This development of five detached houses by Venture Construction and Development Limited are built to a high quality specification. Each property comprises four bedrooms, two bathrooms and an integral garage. The properties are on the market at asking prices of £275,000. We understand that number 339 sold in February 2009 for £270,000.

Table 6.20: Information on Properties at 339 Chester Road North, Kidderminster

Unit Type	Sq ft (approx)	Completion price	Reservation Date	Completion Price per sq ft	Completion date
339 Chester Road North - 4 bedroom detached house	unknown	£270,000	unknown	n/a	February 2009
Total	0	£270,000			
Average	n/a	£270,000		n/a	

* Information supplied by local agents

** information verified on Rightmove house prices

Persimmon Homes – Cleobury Meadows, Catherton Road, Cleobury Mortimer, Kidderminster

- 6.36 This development is located in the market town of Cleobury Mortimer, an easy commute from Bridgnorth, Kidderminster, Wolverhampton, Dudley and Birmingham. The development is located on Catherton Road just off the A4117 between Kidderminster and Ludlow. No properties are currently being marketed on this development however we are aware of a completion at the development which took place in March 2009. Number 63 Cleobury Meadows, comprises a four bedroom detached property with the benefit of a single garage. The property is on the market at an asking price of £229,995. We understand a sale was agreed at £190,000 equating to £146.95 per sq ft. The property extended to 1293 sq ft.

The table below illustrates the above transaction:

Table 6.13: Transaction at Cleobury Meadows, Catherton Road, Cleobury Mortimer, Kidderminster

Unit Type	Sq ft (approx)	Completion price	Reservation Date	Completion Price per sq ft	Completion date
63 Cleobury Meadows - 4 bed detached house	1,293	£190,000	unknown	£146.95	March 09
Total	1,293	£190,000			
Average	1,293	£190,000		£146.95	

* Information supplied by local agents

- 6.37 There is significant development activity in Stourbridge, a large conurbation on the edge of the Wyre Forest boundary to the north east. This will have an influence on the Wyre Forest district and as such we have considered new build in this area.

Bryant Homes, Trinity Grange, Stourbridge, West Midlands

- 6.38 This development by national house builder, Bryant Homes, comprises a development of apartments situated within walking distance of Stourbridge town centre. Each apartment benefits from an allocated parking space within the gated courtyard.

- 6.39 We have been advised of the following available properties:

Figure 6.21: Available Properties at Trinity Grange, Stourbridge

Unit Type (Plot)	Description	Sq ft (approx)	Asking Price	Asking Price per sq ft
Plot 26 - Lynton	2 Bed apartment , 2 Bath, Parking	620	£130,995	£211.28
Plot 29 - Marylebone	2 Bed apartment, Parking	530	£120,995	£228.29
Plot 33 - Marylebone	2 Bed apartment, Parking	530	£124,995	£235.84
Plot 34 - Marylebone	2 Bed apartment, Parking	530	£124,995	£235.84
Total		2,210	£501,980	
Average		553	£125,495	£227.14

* Information supplied by on site marketing suite

- 6.40 We have been advised of the following reservations which took place in July 2009:

Figure 6.22: Reservations Made at Trinity Grange, Stourbridge

Unit Type	Sq ft (approx)	Completion price	Reservation Date	Completion Price per sq ft	Completion date
Plot 25 - Lynton - 2 bedroom apartment	620	£120,000	July 2009	£193.55	n/a
Lynton - 2 bedroom apartment	620	£117,000	July 2009	£188.71	n/a
Lynton - 2 bedroom apartment	620	£117,000	July 2009	£188.71	n/a
Plot 30 - Marylebone - 2 bedroom apartment	530	£116,000	July 2009	£218.87	n/a
Total	2,390	£470,000			
Average	598	£117,500		£196.65	

* Information supplied by on site marketing suite

* Plots sold at £117,000 sold to an investor and a cash buyer.

Forge Bridge, Forge Road, Stourbridge, DY8 1XF

- 6.41 Forge Bridge is located off Forge Road and comprises two new build three bedroom detached houses located within walking distance of Stourbridge town centre. Each property is completed to a high specification and benefits from drive-way parking for two vehicles.
- 6.42 We have been advised by the Marketing Agent, Lex Allan & Gregson of the following available properties:

Figure 6.23: Available Properties at Forge Bridge, Forge Road, Stourbridge

Unit Type (Plot)	Description	Sq ft (approx)	Asking Price	Asking Price per sq ft
Wharf View	3 bed detached	unknown	£169,950	n/a
Forge Ridge	3 bed detached	unknown	£164,950	n/a
Total		0	£334,900	
Average		n/a	£167,450	n/a

* Information supplied by on site marketing suite

Bryant Homes – The Spires, Church Avenue, Stourbridge, DY8

- 6.43 This development is in its final phase of construction offering three and four bedroom homes set close to the centre of Stourbridge. The properties benefit from allocated parking and private gardens. Part exchange is available on selected properties.
- 6.44 We have been advised of the following available properties:

Figure 6.24: Available Properties at The Spires, Church Avenue, Stourbridge

Unit Type (Plot)	Description	Sq ft (approx)	Asking Price	Asking Price per sq ft
19 - Salisbury	3 Bed house	1,089	£174,995	£160.69
23 - Wells	4 Bed house	1,225	£184,995	£151.02
24 - Wells	4 Bed house	1,225	£184,995	£151.02
22 - Wye	3 Bed house	850	£159,995	£188.23
82 - Alverton	4 Bed house	1,162	£234,995	£202.23
Total		5,551	£939,975	
Average		1,110	£187,995	£169.33

* Information supplied by on site marketing suite

- 6.45 We have been advised by the onsite sales advisor of the following reservations which took place in August 2009:

Figure 6.25: Reservations Made at The Spires, Church Avenue, Stourbridge

Unit Type	Sq ft (approx)	Completion price	Reservation Date	Completion Price per sq ft	Completion date
20 - Salisbury - 3 bed house	1,089	£169,995	August 09	£156.10	n/a
21 - Wye - 3 bed house	850	£159,995	August 09	£188.23	n/a
Total	1,939	£329,990			
Average	970	£164,995		£170.19	

* Information supplied by on site marketing suite

George Wimpey Homes – Lawnswood Ride, Stream Road, Stourbridge, DY8

6.46 We have been advised of the following available properties:

Figure 6.26: Available Properties at Lawnswood Ride, Stream Road, Stourbridge

Unit Type (Plot)	Description	Sq ft (approx)	Asking Price	Asking Price per sq ft
Ragley -20	2 bed apartment second floor, parking	580	£118,995	£205.16
Ragley - 27	2 bed second floor apartment , parking	580	£118,995	£205.16
Ragley - 28	2 bed ground floor apartment , parking	580	£117,995	£203.44
Dunsmore - 34	4 bed mid terrace, garage	1,225	£199,995	£163.26
Dunsmore - 36	4 bed mid terrace, garage	1,225	£209,995	£171.42
Dunsmore - 35	4 bed mid terrace, two parking spaces	1,225	£197,995	£161.63
Dunsmore - 38	4 bed mid terrace, garage	1,225	£205,995	£168.16
Total		6,640		
Average		949	£167,138	£176.20

* Information supplied by on site marketing suite

6.47 We have been advised of the following completions in July and August 2009:

Figure 6.27: Completions at Lawnswood Ride, Stream Road, Stourbridge

Unit Type	Sq ft (approx)	Completion price	Reservation Date	Completion Price per sq ft	Completion date
Ragley - Plot 25 - 2 bedroom apartment	580	£100,000		£172.41	Jul-09
Cambridge - Plot 52 - 5 bed 2 1/2 storey town house	unknown	£288,000		n/a	Aug-09
Ragley - Plot 31- 2 bedroom	580	£102,037		£175.93	Aug-09

Unit Type	Sq ft (approx)	Completion price	Reservation Date	Completion Price per sq ft	Completion date
apartment					
Total	1160	£388,000			
Average	580	£194,000		£174.17	

* Information supplied by on site marketing suite

** Plot 25 and 31 marketed at £117,995.

*** Plot 52 marketed at 309,995

*** Average completion price psf excludes plot 5

Beech House – 46a Pinewood Avenue, Hagley, DY9 0JF

6.48 This six bedroom detached property newly built by a local developer is built to a high specification with an open aspect to the rear over fields. The accommodation is arranged over three levels and benefit from a remote operated integral garage. The property is on the market at an asking price of £675,000.

The Hollies, Dowles Road, Bewdley, DY12 2RD

6.49 This property comprises a five bedroom detached house which has been on the market for a considerable length of time. The property benefits from two en-suite bathrooms, a large driveway with a detached double garage, landscaped rear garden and countryside views. The property is on the market at £499,950 and has recently seen a reduction of £45,000 in the asking price. The Marketing Agent has informed us that part exchange maybe considered on this property.

Summary

6.50 We have when appraising the selected sites, utilised a range of prices for each site in each town. That range is in accordance with our findings set out above but adjusted as required by the circumstances of each site and indexation in accordance with the Halifax House Price Index for new homes in the West Midlands.

6.51 As evidenced by the number of developers active in the town, Kidderminster remains the location for a significant amount of new build development. This is undoubtedly related to its size and convenient geographical position with good road and rail connections.

6.52 Based on the comparable evidence obtained, average asking prices and sales values can be broken down to provide an overview for the main towns in and around the Wyre Forest district.

6.53 In this respect we can report as follows :

Kidderminster

Houses -	Range of asking prices -	£146.32 psf - 177.33 psf
	Average asking price -	£171.50 psf
	Indexed average asking price -	£187.38 psf
	Range of selling prices -	£149.46 psf - £204.61 psf
	Average selling price -	£196.15 psf
	Indexed average selling price -	£214.31 psf
Apartments -	Range of asking prices -	£156.41 psf - £200.00 psf
	Average asking price -	£189.11 psf
	Indexed average asking price -	£206.62 psf
	Range of selling prices -	£151.33 psf - £200.00 psf
	Average selling price -	£171.52 psf
	Indexed average selling price	£187.40 psf

New build asking prices across Kidderminster range from £89,995 for a one bedroom apartment to £245,000 for a four bedroom detached house. The sample of houses sold is very restricted (1) and the price per sq ft reflects the small size of that house. We have therefore utilised the indexed average asking price for houses in this category as our base value and the indexed average selling price for apartments.

Stourport on Severn

Houses -	Range of asking prices -	£142.76 psf - £221.43 psf
	Average asking price -	£191.91 psf
	Indexed average asking price -	£209.68 psf
	Range of selling prices -	£192.86 psf- £214.29 psf
	Average selling price	£203.58 psf
	Indexed average selling price -	£222.43 psf
Apartments -	Range of asking prices -	£205.18 psf- £235.51 psf
	Average asking price -	£222.34 psf
	Indexed average asking price -	£242.93 psf
	Range of selling prices -	£205.18 psf- £221.43 psf

Average selling price -	£216.20 psf
Indexed average selling price -	£236.22 psf

New build asking prices across Stourport on Severn range from £100,950 for a one bedroom apartment to £325,000 for a four bedroom detached house. We have utilised indexed average selling prices.

Stourbridge

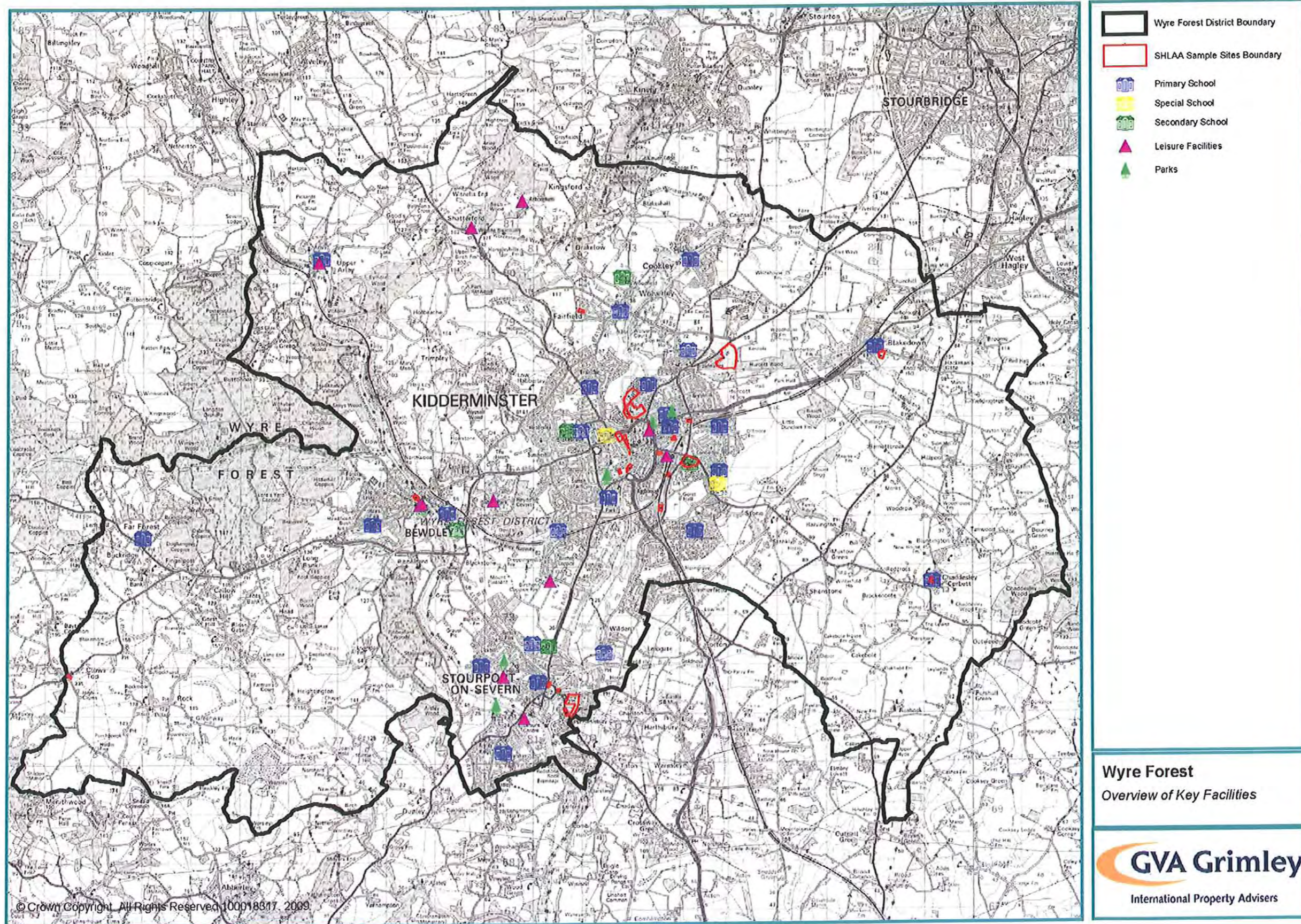
Houses -	Range of asking prices -	£151.02 psf - £202.23 psf
	Average asking price -	£168.63 psf
	Indexed average asking price -	£184.25 psf
	Range of selling prices -	£156.10 psf - £188.23 psf
	Average selling price -	£172.17 psf
	Indexed average selling price -	£188.11 psf
	Apartments -	Range of asking prices -
Average asking price -		£217.86 psf
Indexed average asking price -		£238.03 psf
Range of selling prices		£172.41 psf - £218.87 psf
Average selling price -		£189.70 psf
Indexed average selling price -		£207.27 psf

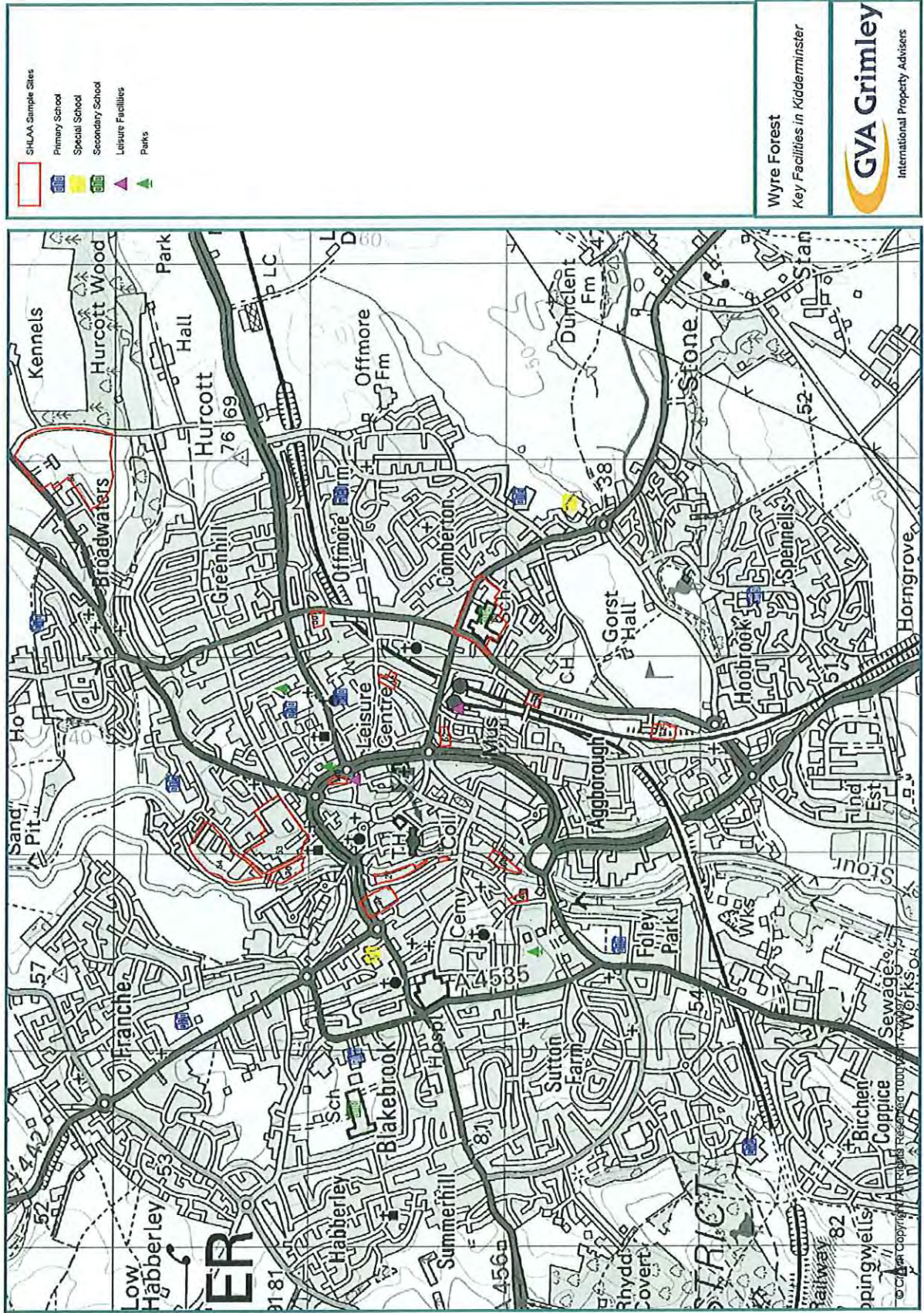
New build asking prices across Stourbridge range from £116,000 for a two bedroom apartment to £234,000 for a four bedroom detached house.

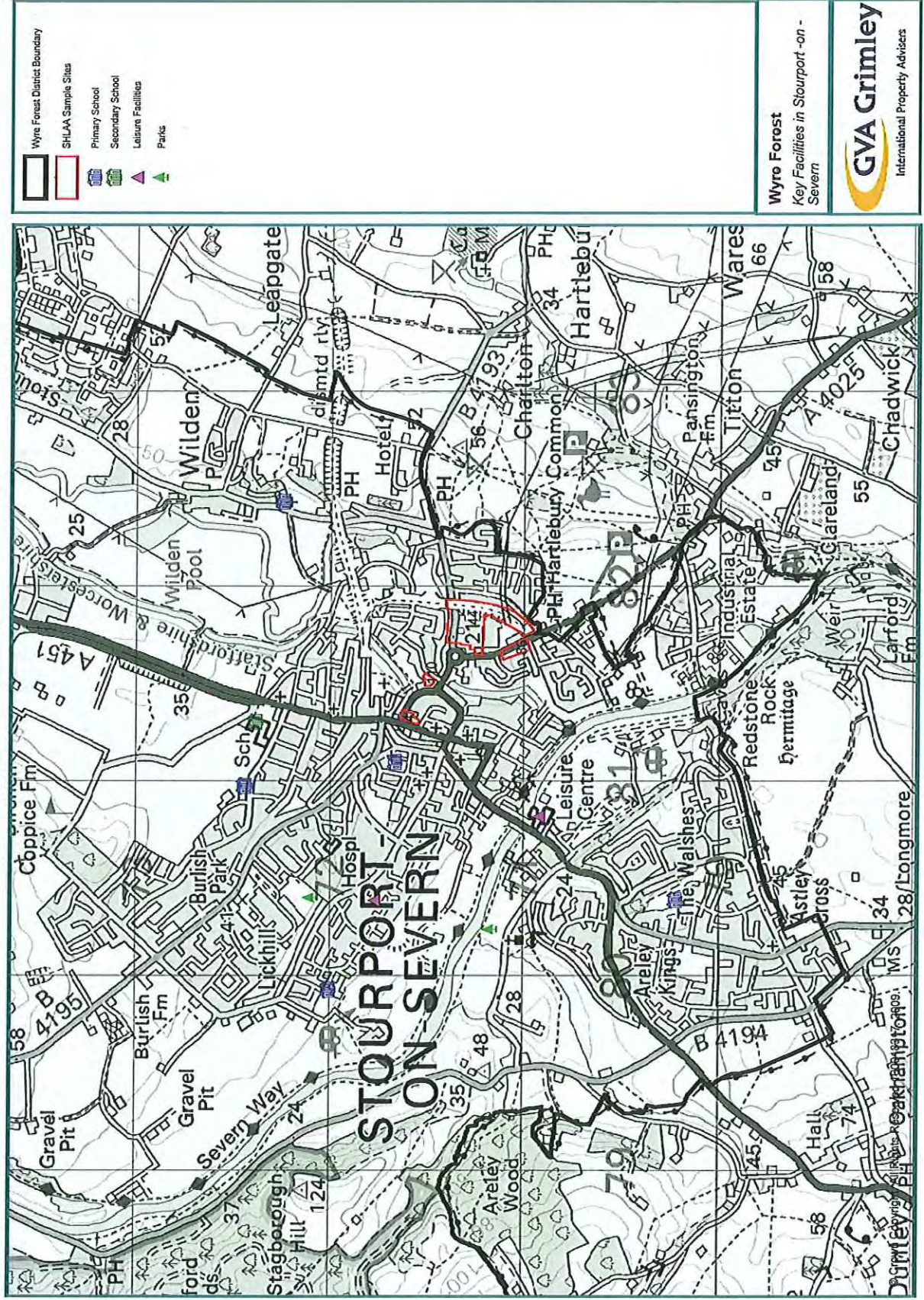
Bewdley	Insufficient comparable evidence available.
Kinver	Insufficient comparable evidence available.
Cleobury Mortimer	Insufficient comparable evidence available.

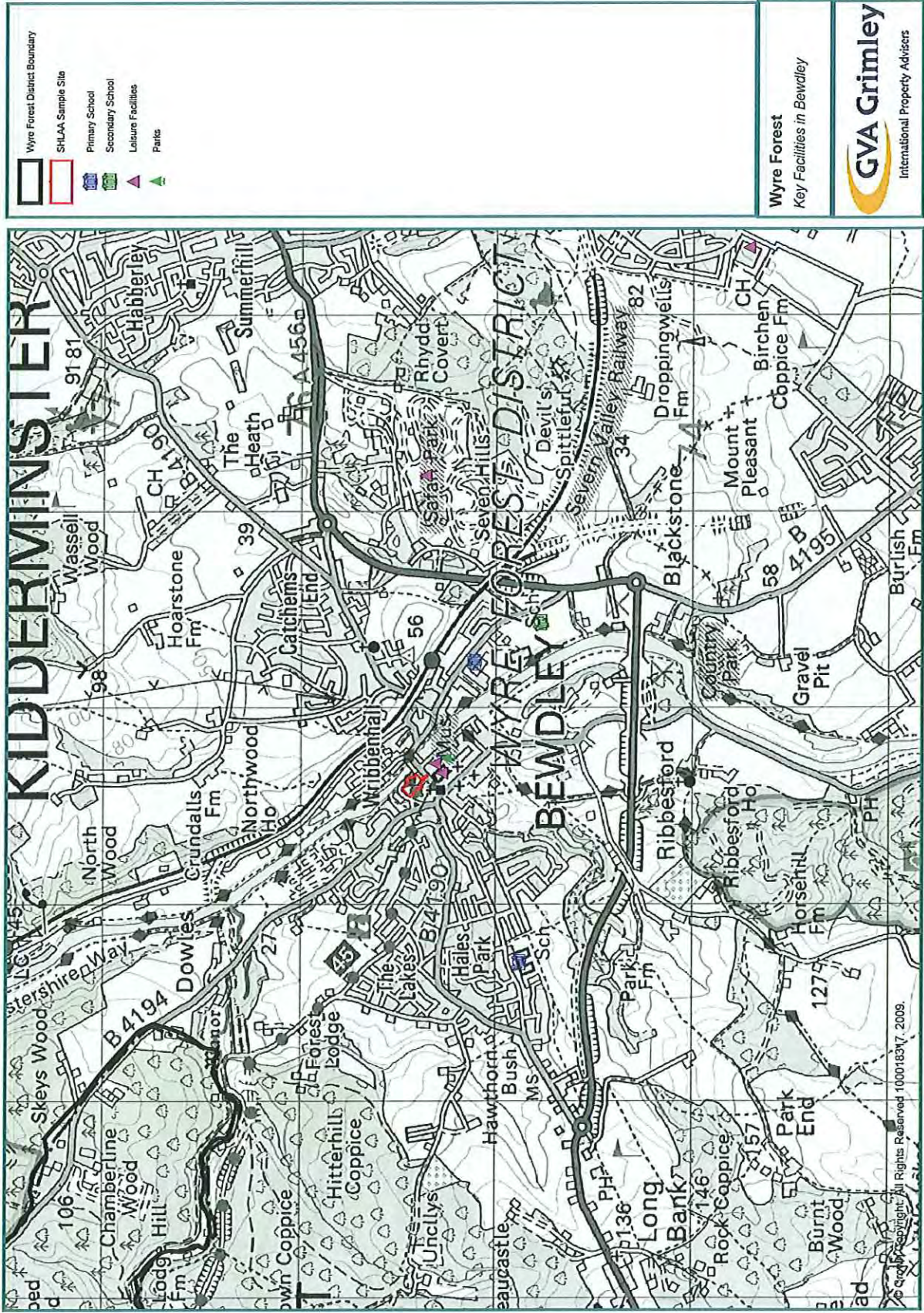
- 6.54 The revenues researched and assessed for each site are expressed in terms of £ per sq ft of Gross Internal Area (GIA), in accordance with the RICS Code of Measuring Practice (6th Edition) definition.
- 6.55 A plan illustrating the location of the comparable developments considered can be found at Appendix 2.

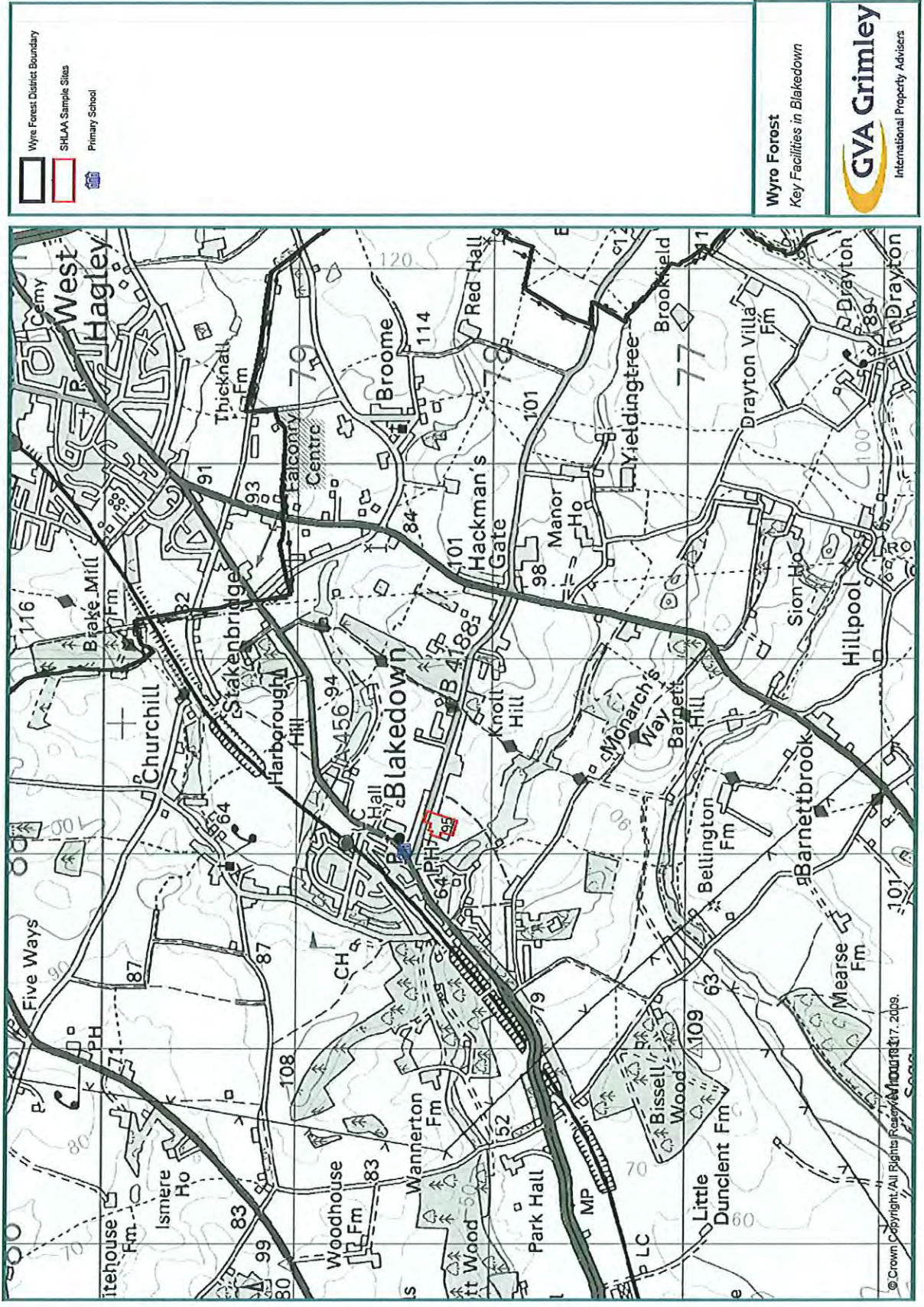
APPENDIX 1: KEY FACILITIES

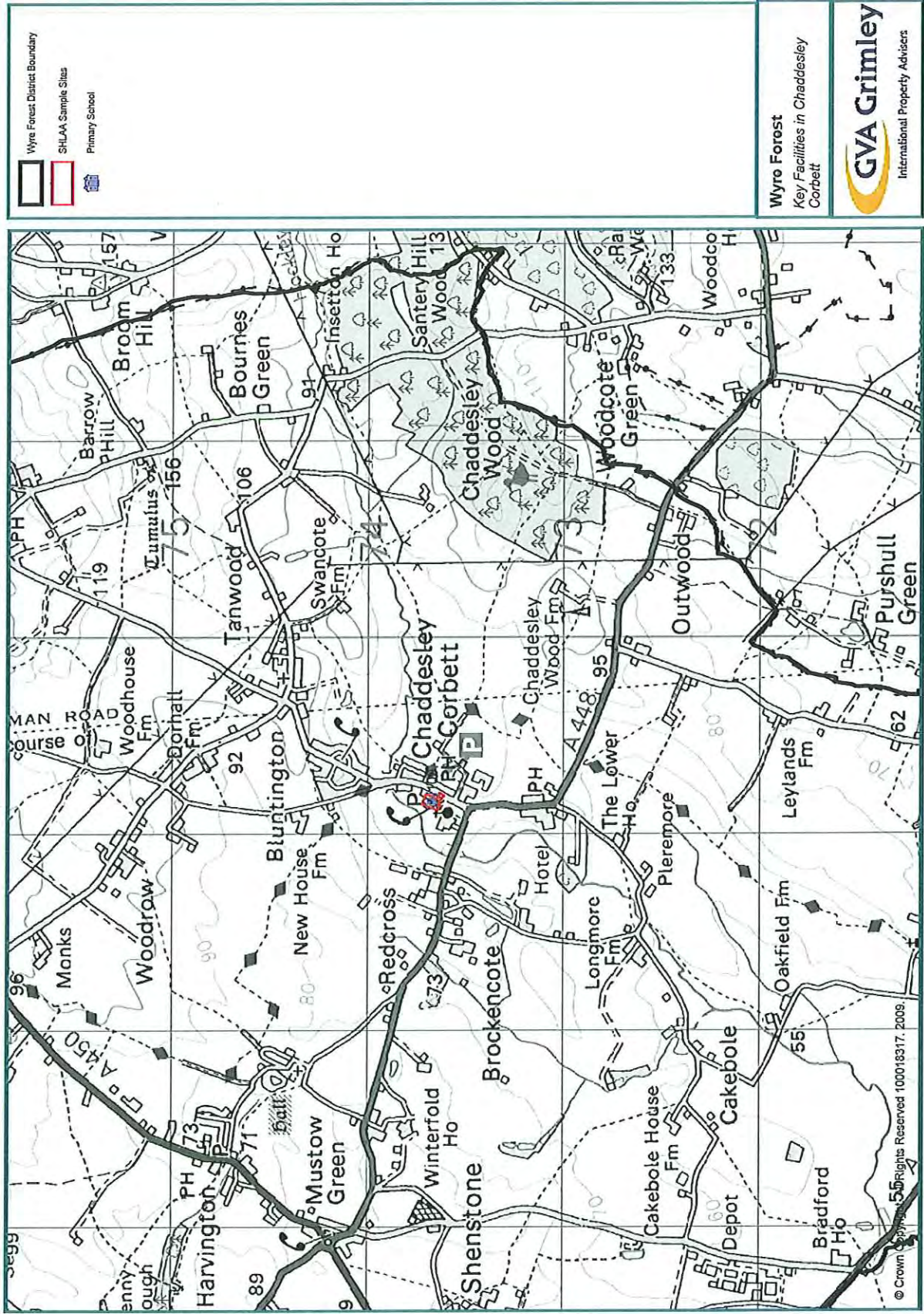




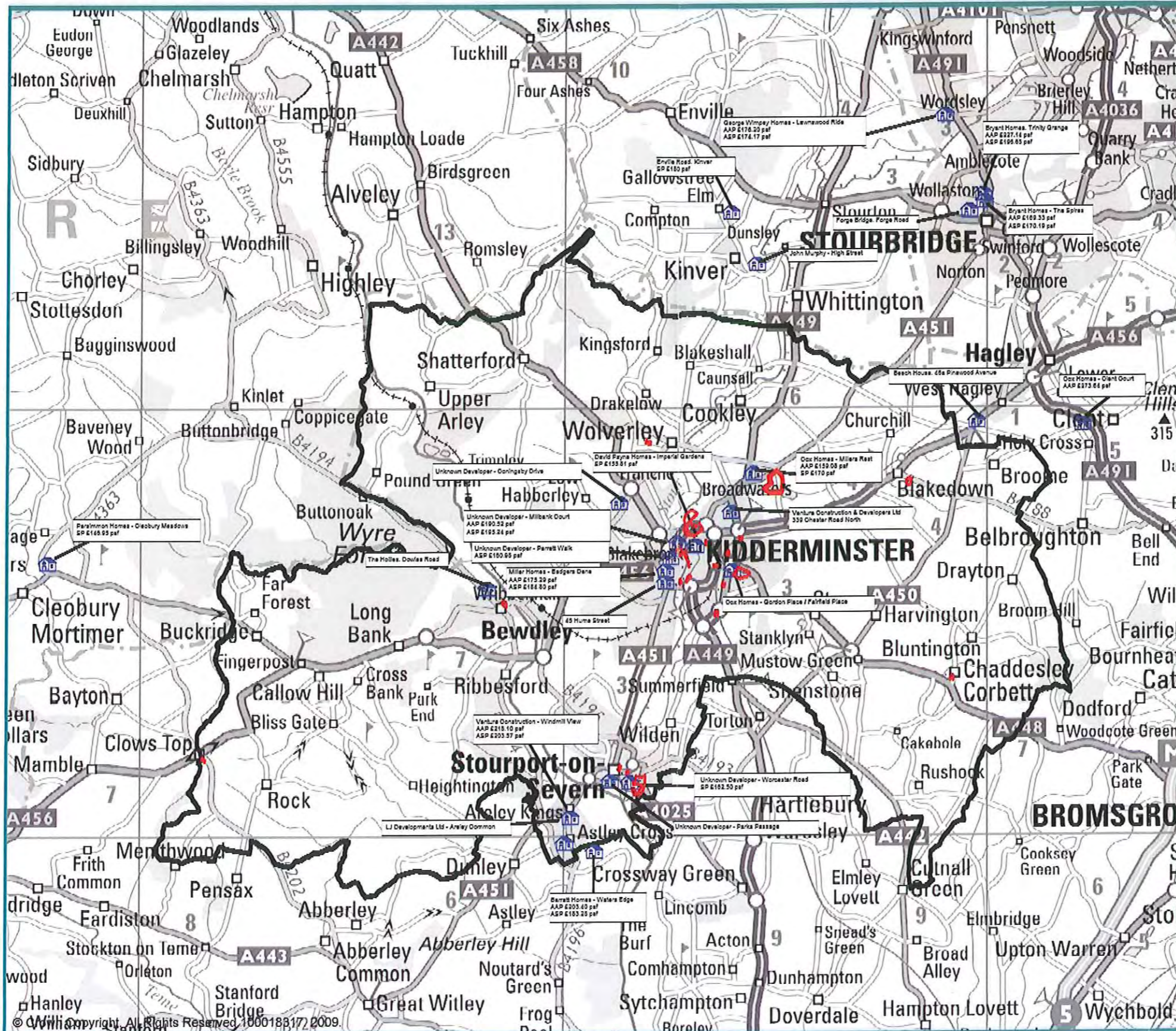








APPENDIX 2: COMPARABLE DEVELOPMENTS



Wyre Forest District Boundary
🏠 Comparable Developments
 SHLAA Site Boundary

AAP - Average Asking Price
 ASP - Average Selling Price
 SP - Selling Price

Wyre Forest
 Comparable Residential
 Developments in Wyre
 Forest District



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