

Annex 2 – Information on house price evolution in Surrey and West Yorkshire between November 2007 and November 2017, approximate fees relating to conveyancing and mortgage arrangement, and advice from Property Services on developments around the SCC joint venture with Places for People.

1) Extract from Getsurrey website article¹ on Surrey house price inflation:

‘Residents from Leatherhead, Redhill and Caterham agree that “prices have shot up” in recent years with new figures for house prices from 2007 to 2017 showing the cost of all types of properties rising by at least 31% with flats in Tandridge increasing at the fastest rate of any at 56.8%.[...]

Without adjusting prices for inflation, the Reigate and Banstead borough has seen the cost of a flat rise by 31.6% from £207,427 to £273,034 with semi-detached houses selling at a rate of 47.4% more than ten years ago, from £304,618 to £449,081 over the same period.’

2) Relevance of West Yorkshire as an indicative comparator to Surrey: Property markets operate on a local/regional basis, with different parts of the country behaving in markedly different ways over the past decade or so. There are limits to the value of comparing Surrey statistics against national ones; national market data will invariably be skewed by developments in the London market due to its size, with London’s proximity to Surrey further blurring the distinction. A comparison with another county/region may be more appropriate in the circumstances.

West Yorkshire was selected as an indicative competitor to Surrey for talent attraction due to benefitting from a rather diversified economy with a variety of career opportunities in sectors from agriculture through public administration to finance and professional services. With a population of just over 2 million living in a mix of urban, suburban and rural areas, West Yorkshire offers a multitude of lifestyle/housing options not unlike those of Surrey. Both areas may appeal to a wide cross-section of the population, something which may not be the case for places such as Cornwall, Cumbria, or the West Midlands. Furthermore, the distance between London and W. Yorkshire is in the order of 200 miles, which means that there is virtually no ‘ripple effect’ caused by commuters who work in the capital (there is evidence to suggest that house prices in places such as Northampton, Milton Keynes, Oxford, and even Bath, have risen due to an ‘exodus’ from London²).

In the ten years between November 2007 and November 2017, a period during which Surrey experienced consistently high house price inflation, West Yorkshire has seen its average house price increase by a total of just 6%. As that figure is not adjusted for inflation, it would actually represent a price decrease in real terms. The net effect of disparity between regional property market developments in the last decade has been an increase in the average house price ratio between Surrey and West Yorkshire from around 2/1 to approximately 3/1.

¹ <https://www.getsurrey.co.uk/news/surrey-news/revealed-how-much-house-prices-13690965>

² <https://www.ft.com/content/f3e54a3e-6e3c-11e7-b9c7-15af748b60d0>

3) Data comparison through home.co.uk website – based on Land Registry

sold prices: This website maintains various datasets relating to house price evolution, the most important of which is the actual sold prices held in Land Registry records. Below are the house price charts for the November 2007-November 2017 period for Surrey and West Yorkshire. The charts below indicate sold prices for houses in Surrey and W. Yorkshire. The ratio of the average property price between the two regions increased from an already substantial 2.14/1 (an average of £344,334 for Surrey as against £161,093 for W. Yorks) in November 2007 to 2.95/1 (averages of £501,780 and £170,236 respectively) in November 2017. There does not seem to have been an accompanying increase in earnings to support a higher level of house prices; on the contrary, ONS data show that the ratio of average full-time earnings between the South East of England (excl. London) and Yorkshire and the Humber regions registered a marginal decrease from 1.184/1 (£567 as against £479) to 1.168/1 (£683 versus £585)³.

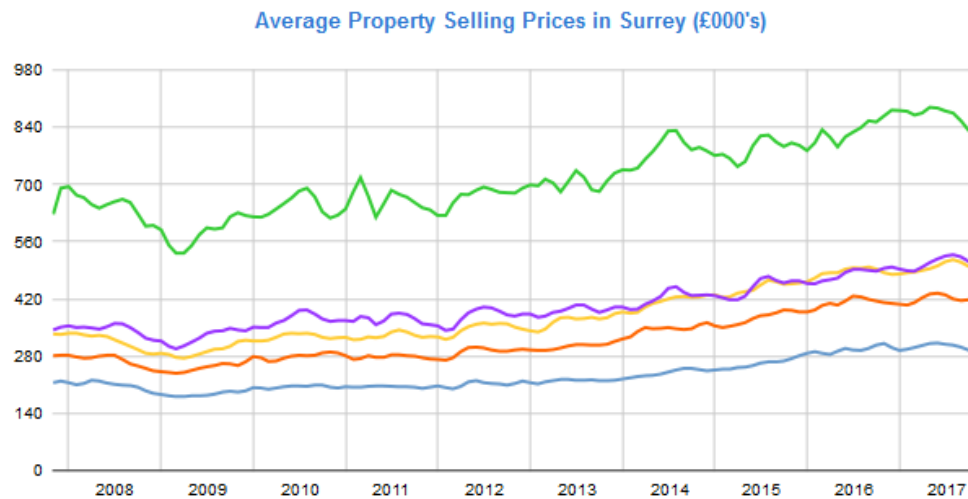
In a nutshell, median full-time wages in the South East are 16.8% higher than those in Yorkshire and Humberside, whereas average house prices in Surrey are 295% higher than those in West Yorkshire.

³ Source: ONS data, which are normally published for the District and Government Region levels (i.e. not readily available on a County basis). The time series is summarised on a Welsh Government website- full table available on <https://stats.wales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Earnings/averageweeklyearnings-by-ukcountryenglishregion-year>

House Prices Report for Surrey - November 2007 to November 2017

This report displays the average* property sale price for each type of property in Surrey for each month from November 2007 to November 2017. The second graph displays the number of properties sold each month in Surrey.

You can view the House Prices Report for Surrey over another date range or view the report for another location using the options at the bottom of the page.



3-month moving averages by property type in Surrey

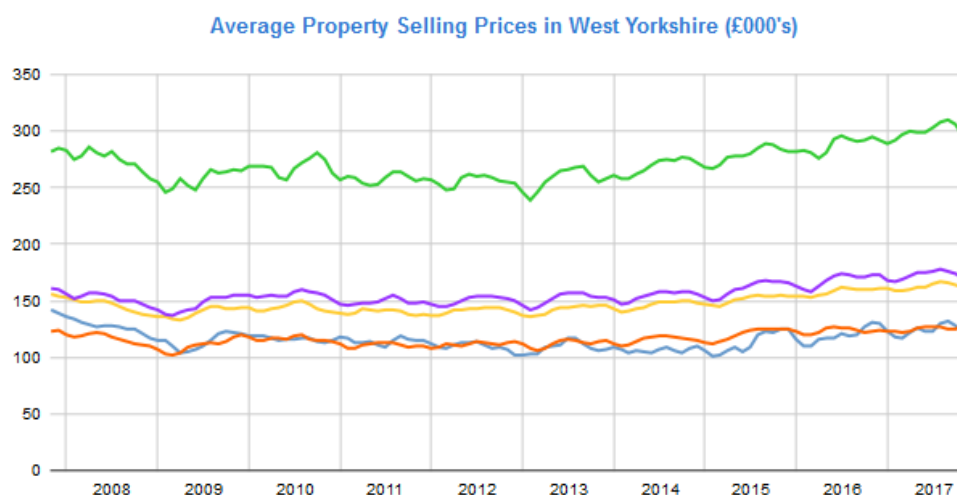
	Nov 2007	Nov 2017	Change
Detached	£626,573	£838,914	+34%
Semi	£333,738	£491,397	+47%
Terraced	£280,595	£419,263	+49%
Flat	£214,777	£290,384	+35%
All	£344,334	£501,780	+46%

Chart 1: Evolution of residential property prices in Surrey – November 2007 to November 2017

House Prices Report for West Yorkshire - November 2007 to November 2017

This report displays the average* property sale price for each type of property in West Yorkshire for each month from November 2007 to November 2017. The second graph displays the number of properties sold each month in West Yorkshire.

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3-month moving averages by property type in West Yorkshire

	Nov 2007	Nov 2017	Change
Detached	£282,392	£295,005	+4%
Semi	£155,591	£162,165	+4%
Terraced	£122,519	£128,890	+5%
Flat	£142,125	£121,971	-14%
All	£161,093	£170,236	+6%

Chart 2: Evolution of residential property prices in West Yorkshire – November 2007 to November 2017

4) SDLT, conveyancing, and mortgage arrangement fees.

Stamp Duty Land Tax is levied on property transactions, and, depending on the value of a transaction, can reach levels that are substantially higher than other costs relating to a house move. As an example, the average house price in Surrey reached £501,780 in November 2017; purchasing a property priced at that level would result in a SDLT liability of £15,089. It may be useful to note that the respective amounts for the vicinity of the Surrey County Hall in Kingston-upon-Thames would be even higher, and that tax liability is higher for purchases by individuals who own one or more additional residential properties.

As other moving costs tend to reflect administrative/process costs for legal and financial work, there is no direct correlation between their levels and the price of the property which is being bought/sold/mortgaged. Co-op Legal Services estimate that average residential conveyancing costs in 2014 reached £1,419⁴, a figure which may exclude some surveys or other additional aspects of legal work undertaken around property transactions.

The financial product comparison website Moneysupermarket.com estimates that mortgage arrangement fees average 'about £1,000'⁵, although they can often exclude additional costs for valuations and 'booking fees' for the loan.

5) Property Services advice on the potential for housing employees (or attracting potential candidates for vacancies) as part of the Limited Liability Partnership joint venture between Surrey County Council and Places for People.

The LLP is a vehicle procured by the Council to provide additional capacity in the Property sphere to appraise, provide options and drive change around a number of its assets. These assets will be varied in their nature, for example some could be undeveloped land, old farm buildings, or even large corporate office blocks. Some of the proposals may include housing, commercial, community or residential schemes, or a mixture of the above. It may be worth noting that housing development proposals have to be submitted to the Local Planning Authority (LPA) that sets out a number of local policy plans; one of which may be the delivery of any Affordable Housing (AH) if the site exceeds the LPA AH thresholds. In this instance SCC does not have the discretion over which type and choice of AH it has to provide on a site by site basis but will have to demonstrate the viability of proposals in terms of the type and number of units, which should seek to align with the appropriate District/Borough Affordable Housing Policy.

As each scheme is considered, the Council could make a number of choices over the balance of affordable housing, the type of schemes and so on subject to planning and the business case showing value for money. This could take some years to realise, however officers in Property Services will continue to explore the options that will be provided in the areas of additional asset capacity and knowledge created by the joint venture.

Some residential units built as part of the joint venture may be retained by the Council to provide an income stream as a Build-to-Rent initiative. However, the relevant property will be managed by Halsey Garton Property Ltd, which is owned by the Council but required to operate on a purely commercial basis. As a result, there

⁴ <https://www.co-oplegalservices.co.uk/media-centre/articles-jan-apr-2016/what-are-the-average-conveyancing-fees-for-2016/>

⁵ <https://www.moneysupermarket.com/mortgages/mortgage-charges-explained/>

would not appear to be a way for the Council to offer preferential access to those properties to candidates for or appointees to its vacancies.