

**AYRSHIRE JOINT PLANNING STEERING GROUP
12 JANUARY 2012**

Housing Land Audits 2010

PURPOSE OF REPORT

1. To advise members of the Steering Group that the Housing Land Audits for 2010/17 have been agreed with Homes for Scotland and to provide a commentary on the prospects for the demand for future new build housing in Ayrshire.

HOUSING LAND AUDIT 2010 TO 2017

2. Members were advised at the May 2011 meeting of the Steering Group that progress was being made with the housing land audits for East, North and South Ayrshire. The audits have now been discussed and agreed with Homes for Scotland as representatives of the private sector house building industry.
3. As with the draft audits, the agreed audits indicate that whilst there is a substantial land supply either allocated through local plans or otherwise identified as suitable for housing, the effectiveness of the supply is limited by the ongoing credit squeeze and uncertain economic conditions. The “effective” land supply in all three Council areas is substantially less than the requirements established through the Approved Joint Structure Plan (see Table 1 below). An effective five year land supply is not therefore being met within each Council area as measured against the Joint Structure Plan requirements. It should be noted, however, that these requirements will be amended as the local development plans progress and new housing land requirements are established through the Housing Need and Demand Assessment process.
4. There is broad agreement with Homes for Scotland that the lack of access to credit for house builders and house purchasers alike is the main barrier to increased building activity both within Ayrshire and throughout Scotland and the UK. The overall picture is of a very depressed market for some time to come, perhaps extending as far as the next half decade¹.

HOUSE SALES VOLUMES & PRICE MONITORING.

5. The volume of house sales has declined by 2/3rd since 2007 (figures 1 & 2 below). Whereas there was a slight increase in the total number of secondhand property transactions between 2009 and 2010, the total number of new build transactions has continued to decline.
6. The average selling price of new build properties peaked in 2007. After a period of decline in 2008 and 2009, the average selling price increased to 98% of the peak price in 2010. Within the secondhand market, prices peaked later in 2008 and had also recovered to circa 98% of their peak value by 2010.

¹OECD Economic Outlook 90

Figure 1

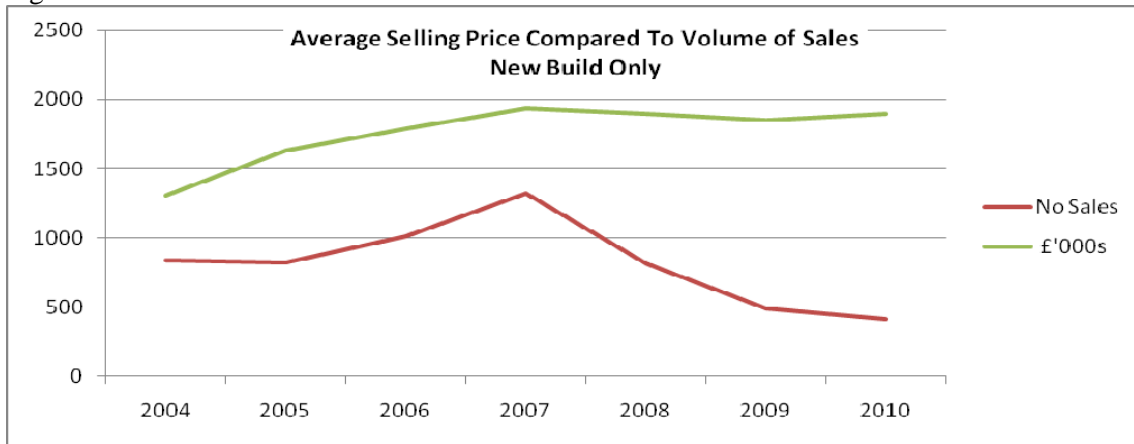
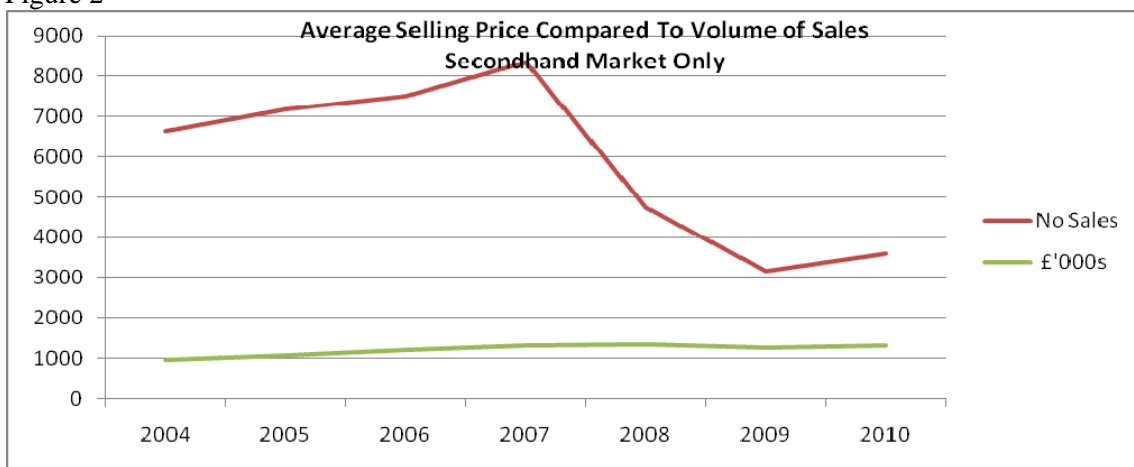


Figure 2



7. The fact that house prices remain relatively high (particularly when compared to income levels), coupled with the continued squeeze on credit which particularly affects first time buyers suggests that the relatively low volume of property sales will continue for some time. This in turn suggests that, in the absence of any significant economic stimulus such as the relocation of a major employer to the area paying high wages, demand for new build property will remain subdued within Ayrshire.

CONCLUSIONS

8. The inelasticity in house prices and the ongoing constraints on credit suggest that demand for new build housing will remain at its current subdued level for some time to come. Programming of the housing land supply reflects this prognosis and as a consequence, none of the three Council areas have an effective land supply compared with the Joint Structure Plan housing requirement. The outlook for the wider UK economy¹ suggests that it could be another five years before macro economic conditions improve and it may only be then that there is a recovery in new build volumes.

¹OECD Economic Outlook 90

RECOMMENDATION

9. The Ayrshire Joint Planning Steering Group is asked to note the contents of this report.

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Table 1 – Five Year Effective Land Supply Calculation

Council Area	Structure Plan Allocation 2005 to 2012	Completions 2005 to 2010 (all tenures)	Remaining Allocation 2010 to 2012	Structure Plan Allocation 2012 to 2017	Allocation 2012 to 2015 (pro rata)	Total Remaining Allocation 2010-15	Effective Land Supply 2010 to 2015	Five Year Effective Land Supply
East Ayrshire	3600	2722	878	3700	2220	3098	2093	no
North Ayrshire	4800	2544	2256	3500	2100	4356	1837	no
South Ayrshire	2700	1567	1130	4100	2460	3590	1500	no
Ayrshire	11,100	6833	4301	11,300	6780	11,081	5430	no

¹OECD Economic Outlook 90