

Executive Summary

- It is predicted that between 1996-2021 the population of the South West will grow by almost 660,000 and thousands of new homes are needed to meet the demand.
- House prices in the South West are the third highest of all the UK regions.
- Regeneration initiatives should attract an increased number of working age people, which is necessary to even out the population structure.
- The second home market is seen to be important and there is concern that this is under threat from countries such as France and Spain which are just as cheap and easy to get to.
- Residential property values in the region have risen by 199% over the past decade.
- The 2012 Olympic sailing events are to be held in Weymouth, offering an opportunity for inward investment and to boost the region's status.

Introduction

The South West is one of the fastest growing regions outside London as the previously weak rural economies of Cornwall, Devon and Dorset have been lifted by the healthy tourism sector. Furthermore, unemployment is well below the UK average and employment growth has been firm over the past year (see **figure 1**). Through this process the market is gradually catching up with that of the more prosperous Cotswold neighbours of Somerset, Wiltshire and Gloucestershire.

According to provisional data from Oxford Economic Forecasting, the South West experienced above UK average job creation in 2005 for the fifth consecutive year. Gross Value Added (GVA) growth is also above average and this has been driven by a strong performance in public and private services and a more modest decline in manufacturing compared to other UK regions.

It would appear that the region may be set for significant population growth over the next 15 years (see **figure 2**). According to the Office of National Statistics, by 2021, the population of Cornwall is set to rise by 7.6% and Devon by 8.7% - both well above an all-England figure of 4.1%. Average net migration to the South West is around 25,000 per annum, well above any other UK region.

Despite strong economic indicators, the region falls behind other southern regions for a number of reasons, including fewer high density population areas to attract key business service firms, limitations within the underdeveloped and relatively disadvantaged south west corner of the region and a smaller than average working age population, due principally to high numbers of retired inhabitants.

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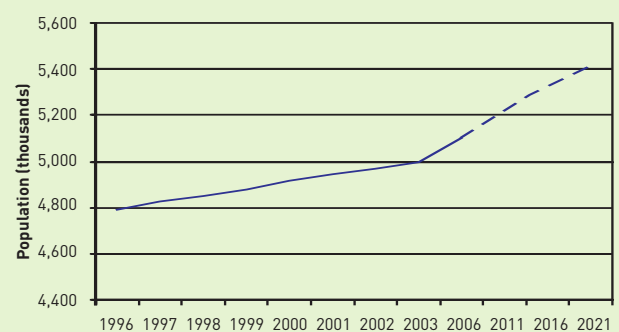
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Figure 1 - Regional Rank Indicators

Indicator	Rank in 2005
Working age population % of total population	12
Participation rate	2
Unemployment rate	1
% employment in manufacturing	9
% employment in private services	6
Self employment % of total employment	2
GVA per person	5
GVA per manufacturing employee	7
GVA per private services employee	6
Average earnings	11
Disposable income per head	4
Consumers expenditure per head	4
House prices	4

Source: Oxford Economic Forecasting - (1 denotes highest region, 12 denotes lowest region, except for unemployment where 1 is the lowest rate and 12 the highest)

Figure 2 - South West population figures and projections, 1996-2021



Source: ODPM

Case Studies

Cornwall

Cornwall's status, and the only Objective One area in the South West of England, has been responsible, in part, for the rapid growth within the county.

Camborne, Pool & Redruth

CPR Regeneration, the Urban Regeneration Company (URC) for Camborne, Pool and Redruth will drive one of the largest urban renewal projects in the country covering 370 acres.

Regeneration projects have been identified including the £95 million redevelopment of the former Holman's factory site. The masterplan will provide office, commercial and light industrial space, alongside housing and community facilities.

Hayle

On the edge of town, Boots, Marks & Spencer and Next have committed to a new retail warehouse scheme alongside the A30. This is testimony to the growing perception of the Cornish market as a whole.

ING's Hayle Harbour project should act as a catalyst for regeneration in the town over the next 10 years. This controversial and long awaited scheme is projected to bring over £100 million of private sector investment. The scheme is planned to include up to 400 homes, 261,000 sq ft of cultural/leisure buildings, 205,000 sq ft of retail space and 485,000 sq ft of commercial mixed use.

Newquay

The Newquay Action Framework developed a vision for the regeneration of Newquay town centre through the Surf Capital Steering Group, comprising Restormel Borough Council, SWRDA, English Partnerships and Cornwall County Council. Six key development opportunities have been identified within the town centre.

The vision is to make the town a destination which is economically sustainable all year round. Newquay attracts approximately 2.2 million visitors per annum, the majority of whom arrive in the summer months. The aim of the vision is to create a more vibrant economy and an attractive place to live and work, through the promotion of mixed-use, sustainable development.

St Austell

The Eden Project effect has spurred the St Austell market into life with the David McLean/SWRDA/Restormel Borough Council joint venture for the development of St Austell's town centre. Consent has now been granted for the demolition needed to make way for this £40m new scheme which includes a large, tiered grass roof to reflect St Austell's setting amid the surrounding hills, two new piazzas, shops, pubs, restaurants, apartments, a cinema and office space.

Devon

Plymouth

There are a number of residential developments in the pipeline as a result of a vastly improved market in recent years. English Partnerships' South Yard Enclave in Devonport will provide over 500 homes, a health centre, small supermarket, new shops, offices and managed workspace. A planning application for the 18 acre former Ministry of Defence site has been submitted and a development partner will be appointed by the end of the year.

Following the success of Urban Splash's Royal William Yard, English Partnerships and the South West Regional Development Agency (SWRDA) are working in conjunction with Plymouth City Council to transform a 24 acre site at Millbay into a vibrant waterfront district.



Exeter

House prices in Exeter have risen as fast as almost anywhere else in the South West on the back of a shortage of supply, partially due to the relocation the Met Office to the city. In the city centre, Land Securities' Princesshay regeneration is a retail-led development which will create 130 flats. Bellway's Isca Place is the largest scheme under construction, offering 244 homes which will be completed in early 2006. Development is progressing outside the city boundary with Barratt and Persimmon constructing 500 homes on a former naval stores site close to Topsham.

Somerset

Taunton

Taunton Deane District Council and SWRDA are promoting 'Taunton Vision' - a regeneration plan for 116 acres of town centre, brownfield land. This recognises four specific quarters of the town for regeneration. This is a very ambitious but exciting long term regeneration project for Taunton. Proposals include the creation of a new office quarter which would include up to 480,000 sq ft of office development as well as an extension to the existing high street which will be strengthened by an addition of 300,000 sq ft of new retail development. Furthermore, the plans will accommodate 250,000 sq ft of leisure, plus over 2,000 residential units.

Bridgwater

Consultants have recently been appointed by Sedgemoor District Council to promote Northgate - a 15 acre brownfield site in the town centre. The council is keen to promote mixed use development with a view to relocating the swimming pool. The extent of development is likely to include a mix of residential and employment uses in order to breathe life back into the town centre.

Yeovil

South Somerset District Council has launched 'Yeovil Vision', which sets out the phases of further development and transport infrastructure improvements for the period leading up to 2025. Retail, business space, residential development, sports and leisure schemes are envisaged, along with improved pedestrian links.

Public consultation took place earlier in 2005 and the first phase should include the redevelopment of the town's cattle market and the creation of an 'urban village'.

Weston-super-Mare

English Partnerships and SWRDA are proposing a mixed-use development for RAF Locking comprising 1.29 million sq ft of industrial and office space which will form part of the broader vision for Weston-super-Mare.



The masterplan for the town over the next 20 years will transform up to 247 acres and include the construction of more than 2,000 homes and 1.07 million sq ft of mixed-use space (including hotels and restaurants) at the 99 acre Weston airfield.

Dorset

Dorchester

The Duchy of Cornwall is midway through a 25 year development known as Poundbury, which is a mixed-use urban village extension of Dorchester and will house around 2250 dwellings and almost 700,000 sq ft of employment space over 400 acres. The project is being developed in response to Dorchester's growth needs and work has begun on the third phase. The scheme is set to increase the population of Dorchester by about a third and is therefore incorporating many community benefits within the overall masterplan.

This unique project aims to create a sustainable, high-density urban quarter which achieves an attractive, modern and pleasing place in which people can live, work, shop and play. Emphasis has been placed on integrating private and social housing which is built to the same high quality of design.

Gloucestershire

Gloucester

URC, Gloucester Heritage's plans for 247 acres of brownfield land will include the repair and reuse of nearly 100 historic buildings to provide up to 300,000 sq ft of retail space and 3,000 new homes, along with a further 150,000 sq ft of other commercial floor space and a new College of Further Education.



The scheme will upgrade 2.65 miles of waterfront, create a new mainline station and complete the South West Bypass. Four redevelopment areas have been highlighted - the City Centre, the Western Waterfront, the Railway Corridor/Triangle, and the Canal Corridor.

Crest Nicholson and SWRDA are developing a mixed-use scheme in Gloucester Docks consisting of ground floor retail, restaurant, café bar and office uses, a multi-level car park and 84 residential units.

Peel with British Waterways is proposing the Gloucester Quays development on an area of 62 acres made up of three phases - Baker's Quay, Llanthony Priory and Monk Meadow. The scheme is, however, currently subject to a public enquiry following the decision of GOSW to call in the scheme.

Wiltshire Swindon

URC, The New Swindon Company, proposes a repositioning of the town through a range of centrally located projects. Their key projects include The Arena; The Exchange; The Promenade; The Hub; North Star Village; Swindon Central; and The Campus.

These projects will complement other current and recent development in the town including Abbeymeads in the north, the land to the east of the A419 and land to be released for development resulting from the proposed schools PFI. The latest major news in the town has been the final go-ahead for the 'Front Garden' scheme on the area between Old Town and the M4.

The Avon Valley Bristol

The Bristol Waterfront Arena (BWA) consortium, comprising Orion Land & Leisure and SMG Europe, has been chosen as preferred developer for a two million sq ft mixed-use scheme located next to Temple Meads station and centred on an 11,000 seat arena. BWA intends to submit a planning application by summer 2006 to include 900 homes, 190,000 sq ft of business space, 40,000 sq ft of retail, a 50,000 sq ft casino, a health and fitness facility, and hotel.

Nearby, Ballymore Properties has submitted revised plans for 220 new homes, start-up business units, office space, ground floor shop units, community space and a public piazza.

The Bristol Alliance's £500 million redevelopment of the Broadmead area of the city centre has recently commenced and will include a new department store and over 100 new shops. The residential areas are mainly located in the Merchants Quarter around Quakers Friar, with the centrepiece being a residential tower sitting above the new Harvey Nichols store.

Elsewhere in the city, Crest Nicholson's one million sq ft mixed-use scheme is currently under construction on a 16.3 acre site overlooking the waterway at Canon's Marsh. Phase I comprises 104 residential apartments at '360' and an office block to be occupied by Clerical Medical. Also included in the proposal are cafes, bars, restaurants, a casino, hotel and health club, along with a five storey headquarters building for HBOS.

On the southern side, the £230 million Hengrove Park will include up to 300,000 sq ft of B1 and B8 space, more than 100,000 sq ft of A1, A3 and A5 space, 27 acres of residential land for up to 690 new homes, a landscaped park of 118.6 acres, a new South Bristol community hospital and a £50 million swimming pool and sports centre. Not far away, Urban Splash is undertaking redevelopment of the former Wills tobacco factory.

Bath

An £800 million Western Riverside regeneration scheme is planned for a 75 acre site lying alongside the River Avon. Crest Nicholson has taken the lead following their purchase of 13 acres within the site, and will work with Bath & NE Somerset Council and SWRDA to bring forward the scheme over the next 10-15 years.

The Council is also involved in the disastrous Bath Spa scheme, and is freeholder of the Southgate scheme where Morley now has consent for 400,000 sq ft of retail space and a department store, plus 37,500 sq ft of leisure space, 25,000 sq ft of restaurant space and 91 residential units, along with a new public transport interchange and 724 car parking spaces.



House Prices

As **figure 3** shows, property values in the South West are higher than the majority of other UK regions with an average house price of £182,295 in Q3 2005, compared to the UK average of £166,074.

The current annual rate of house price inflation is -1.5%, which is disappointing for home owners in the region but when considered over a longer time period the region has performed exceptionally well. Over the past five years house prices have risen by 87% and over the past decade by 199%, from £60,996 in Q3 1995 to £182,295 in Q3 2005.

Particular pockets of house price strength are in Penzance and Cirencester with an increase of 17% and 14% respectively over the past 12 months. The location of Penzance, at the foot of Cornwall, and its broad range of local amenities has helped to drive values up, leading the overall steep value rises seen across the whole of Cornwall in recent years.

Cirencester, on the other hand, derives much of its appeal from its Cotswold location and the surrounding "Royal effect". The residential stock is predominantly "high end" with the result that it is currently the most expensive town in the region with an average house price of £270,102.

The most affordable major centre in the South West is Plymouth where the average house price is around £147,000. Other affordable locations in the bracket of £160,000 or less include Yeovil, Gloucester and Weston-super-Mare.

On a county level, Dorset has consistently been the most expensive county in the South West with property values standing at £209,167

Figure 3 – Average house price by UK region, Q3 2005

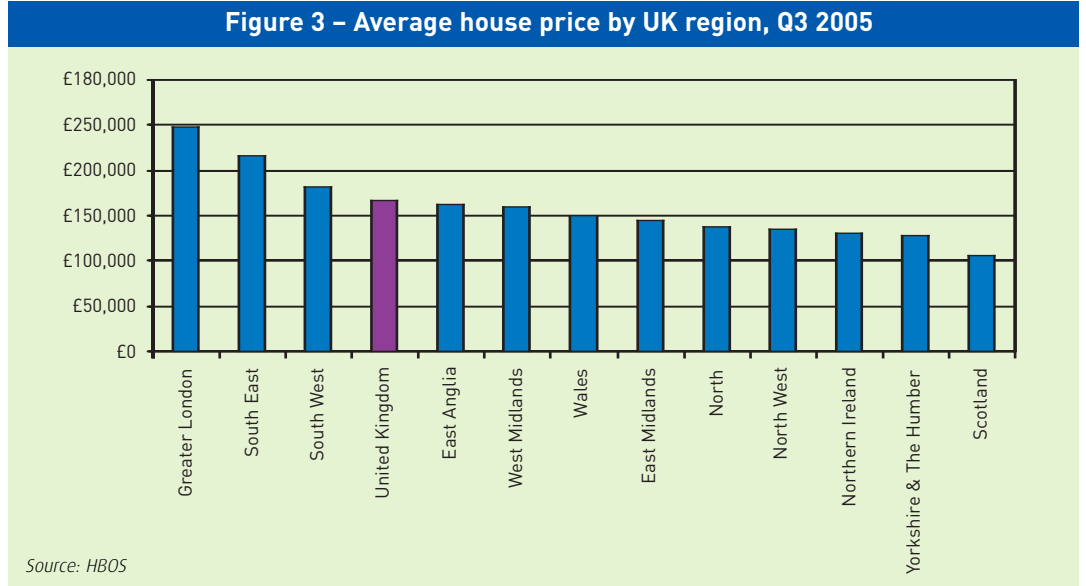
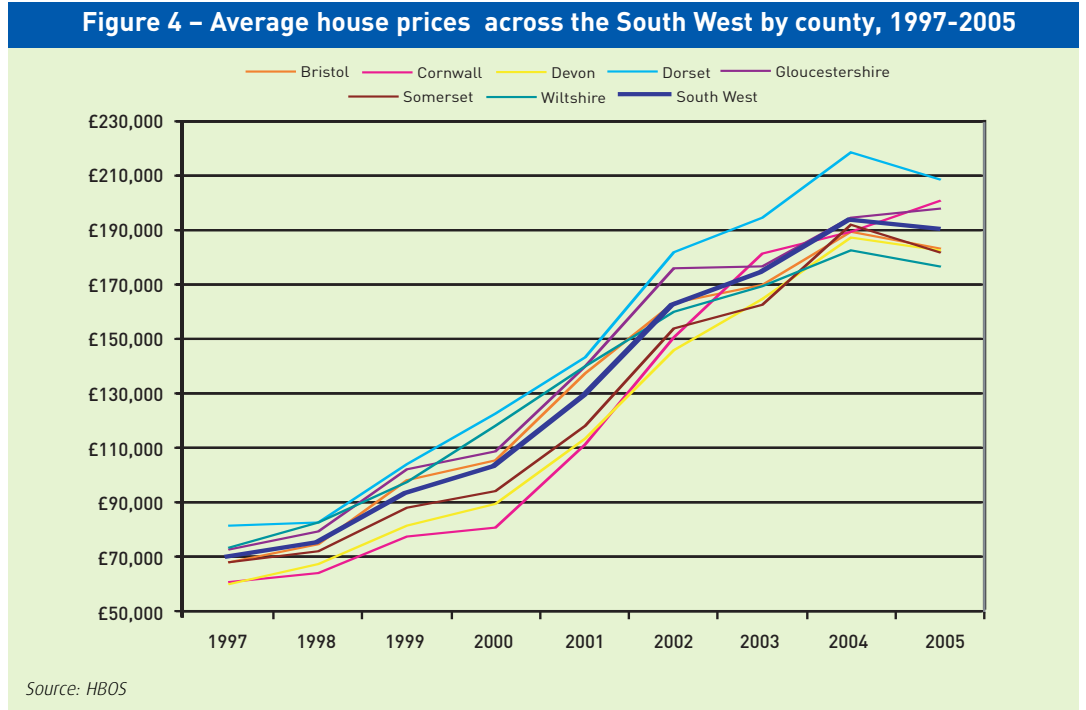


Figure 4 – Average house prices across the South West by county, 1997-2005



for Q3 2005 [see **figure 4**]. However, over the past year house prices have taken a tumble in line with much of the region with a drop of -5% from Q3 2004. The two exceptions are Cornwall and Gloucestershire where, since Q3 2004, house prices have risen by 6% and 2% respectively.

The Future of Urban Housing in the South West

It is anticipated that the South West will continue to become more diversified. Once known principally for its tourism, the extreme south west of the region is now noted for high tech business creation and entrepreneurship, which complements the strong commercial, professional and public sector emphasis in and around Bristol.

It is apparent, however, that bringing more working age people into the region will even out the population structure. Regeneration initiatives can improve the infrastructure of towns and cities but without an available workforce companies are likely to think twice about locating in the South West. The encouraging news is that younger people tend to aspire to the concept of city centre living more than their older counterparts so the inner city apartments being developed in the region should appeal to this sector of the population.

Bristol is the largest urban area in the South West, with good transport links to London. However, there are concerns that companies may be forced to leave the city unless the authorities take steps to alleviate the traffic problems. Congestion and an inadequate transport system means that the city is now experiencing the same problems that led to the out-migration from London 30 years ago.

The issue of delivery of regeneration projects seems to dominate much of the South West, where local authorities and regeneration

bodies seem content to plan and re-plan projects, but reluctant to cede control to the private sector for implementation. Developers have stated that Bristol has a planning problem. Very small consultation groups dominate the planning process and have an influence out of proportion to their numbers. Bristol is home to English Heritage, GOSW and the Planning Inspectorate all of which are able to instigate the call in process, implement it and effectively decide it.

Another issue is that, over the years, much of the region, Cornwall in particular, has been influenced by its second home market. In recent years, it has become arguably as easy and even cheaper, particularly compared to the honey pot locations, for second home owners to reach France or Spain as it is to travel to Cornwall. The effect of this on the residential market is uncertain, however it has been the catalyst for house price growth which precludes many of the locals from home ownership.

Thousands of new homes are needed in the South West over the coming decade. The ODPM has proposed the creation of two new towns - one near Exeter's airport at Broadclyst where 3,000 new homes are planned, and the other at Sherford in South Hams which will act as an overspill location for Plymouth. However, the problem is that much of the population growth is happening now and both of these developments are still some years away.

Despite all the negativity, there are opportunities for the region to boost its status and the 2012 Olympics is a key example as the sailing events are to be hosted by the Weymouth & Portland National Sailing Academy. Steady growth has been going on in Weymouth for the past few years but agents are now reporting an increased interest in homes with a sea view, from which people will be able to watch the action. Developers are therefore keen to take advantage of this attention and are putting together proposals for various sites within the town.



Weymouth & Portland, Olympic sailing venue

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