South Ayrshire Housing Need and Demand Assessment 2021-2025

HMA Geography Refresh

August 2020

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1. Background

1.1 This paper describes the approach taken to reviewing the housing market area (HMA) and sub-HMA boundaries within South Ayrshire.

1.2 These geographical boundaries will be used to inform the local authority's Housing Need and Demand Assessment (HNDA), Local Housing Strategy (LHS) and Local Development Plan (LDP).

1.3 The primary geographical boundaries within the South Ayrshire context are:

- The local authority boundaries
- Localities

1.4 Additional relevant geographies include:

- Community Council areas
- Political ward boundaries
- NHS Ayrshire and Arran boundaries
- Statistically defined areas, such as Datazones and postcodes
- Travel to work areas (TTWAs, derived from Census outputs)

1.5 In estimating future housing need, a specific geographical approach is to be utilised, namely Housing Market Areas.

Housing Market Areas (HMAs)

1.6 A housing market area is defined as "the area within which people will search for housing and within which they are willing to move while maintaining their existing economic, e.g. employment and social relationships". This therefore excludes long distance migration associated with changed employment. Housing markets are "essentially local in character; that is to say the household which decides to rent or buy any particular house which is offered for rent or sale is very likely to already be living within a fairly short distance"[1].

1.7 Market areas are effectively determined by the willingness of people to move and are greatly influenced by factors which affect mobility. Examples include financial and time costs of travel, the existence of good quality infrastructure, personal mobility and house price differences. As these factors can change over time, it is important that local authorities keep their HMA definitions under review.

1.8 Setting appropriate HMAs is essential in order to meet the aims of the Scottish Planning system – particularly to enable housing demand to be met (subject to a sustainable settlement strategy) where it arises. This necessitates establishing demand for new housing within an area and ensuring that adequate provision is made for sites to meet that demand.

1.9 Where an HMA is too narrowly defined, there may be adverse consequences on either side of the boundary – resulting in oversupply where some demand is met outside the defined HMA, or undersupply where demand from outside is not adequately considered.

1.10 Where an HMA is too widely defined, sites outside the actual market area will be included in the market area supply, resulting in excess demand. Similarly those sites might contribute to meeting demand from other market areas and this lead to excess supply in these areas.

[1] DTZ Pieda (2003) *Housing Market Areas in Scotland: Definition and Review*

HNDA Guidance

1.11 The most recent HNDA Guidance was published in October 2018 by the Centre for Housing Market Analysis (CHMA).

1.12 HNDAs use a range of geographies, each of which has a specific use in the preparation of LHSs and LDPs. The Guidance advises that “avoiding unnecessary disaggregation will reduce the complexity of the HNDA and the amount of time and resource needed for drafting”[2].

1.13 In addition, as with all statistical estimates, the more data is disaggregated the less precise estimates become. For this reason the CHMA recommends the HNDA tool is populated with the largest geographies possible, and will now only provide estimates for HMAs and not sub-HMAs.

1.14 The HNDA Guidance also acknowledges the specific issues associated with rurality, including relatively small numbers in the data reducing its precision and robustness.

1.15 South Ayrshire Council intends to undertake an HNDA which will provide an estimate of:

- Households living in housing need
- Households requiring affordable housing now and in the future
- Households requiring market housing now and in the future
- The shortfall of affordable housing now and in the future

1.16 These estimates will inform the setting of targets for:

- Overall housing supply (covering all tenures)
- Housing land allocations/land release
- Affordable housing supply (including social rent and intermediate tenures like mid-market rent).

Purpose of the Housing Market Area refresh

1.17 The purpose of the HMA Refresh is to determine:

- Whether any statistical evidence exists to warrant a change to the existing Housing Market Area boundary, and previous assumptions regarding sub-HMAs
- The extent and nature of any cross boundary HMAs

1.18 This refresh will also support our achievement of the formal requirements of the HNDA and LHS Guidance.

Methodology

1.19 There is no single, definitive method for establishing Housing Market Areas, however good practice guidance has been developed to support local authorities in this task.

1.20 The Centre for Housing Market Analysis (CHMA)’s Housing Need and Demand Assessment Guidance makes reference to the Communities Scotland Local Housing Systems Analysis Good Practice Guide. This document highlights a number of possible approaches including:

- Analysis of the origin and destination of house buyers (using Registers of Scotland (RoS) house purchase data)
- Travel to Work areas (using Census data)
- Community boundaries
- Pre-defined boundaries
- Local knowledge or instinct-based modelling

[2] Centre for Housing Market Analysis (2018) *HNDA: A Practitioner’s Guidance*

1.21 This guidance sets the conditions for an operational market as demonstrating[3]:

- Evidence of substantial levels of movement between points within the market area
- Limited movement across the market area boundaries.

1.22 Furthermore, HMAs should be at a scale that allows quantitative estimates to be made around economic growth, demographic change and migration, and income estimates.

1.23 This research will primarily use RoS house purchase data for sales during 2017 to carry out:

- Analysis of sales data to understand patterns of movement within the previously defined HMA and sub-HMAs. This allows us to establish both levels of self-containment and functional relationships with neighbouring authorities and other sub-HMAs.

1.24 Local knowledge and other relevant data will be used to ensure the findings from analysis of RoS data is robust.

1.25 The refresh will provide analysis of:

- **South Ayrshire HMA containment:** The origin of purchasers buying properties in the South Ayrshire HMA, and the destination of purchasers originating in the South Ayrshire HMA.
- **Sub-HMA containment:** The origin of purchasers buying properties in the Ayr Urban sub-HMA and Girvan and South Carrick sub-HMA, and the destination of purchasers originating in these areas.

RoS house purchase data cleansing

1.26 The latest Data Pack from the Scottish Government was accessed. This Data Pack includes RoS information on purchaser and property using 2001 Datazones. These were converted to 2011 Datazones using the Scottish Government's Datazone Matching file. Where populations in the 2001 Datazones were split across a number of 2011 Datazones, the Datazone where the majority of the population resided was used.

1.27 These Datazones were then utilised to identify the following:

a) Property sub-HMA
b) Purchaser sub-HMA

1.28 Where a property is in South Ayrshire but the Purchaser or Property Datazone was not provided, it was sometimes possible to use the "New_BuyerOrigin", "add_posttown" and "add_postcode" fields to fill gaps in knowledge about the Purchaser or Property sub-HMAs.

1.29 For purchasers originating outwith the South Ayrshire HMA, local authority codes were considered in the first instance for those within Scotland, before using this data and the fields above to identify purchasers originating in the following areas:

- East Ayrshire
- North Ayrshire
- Glasgow and Clyde Valley
- Rest of Scotland
- Rest of UK

[3] DTZ Pieda (2003) *Housing Market Areas in Scotland: definition and review - Volume 3: Guidance on market area definition*

- Outside UK

1.30 The areas of East Ayrshire, North Ayrshire and the Glasgow and Clyde Valley region (encompassing the local authority areas of East Dunbartonshire, East Renfrewshire, Glasgow, Inverclyde, North Lanarkshire, Glasgow, Renfrewshire, South Lanarkshire and West Dunbartonshire) were considered separately from the rest of Scotland as analysis showed a relatively high proportion of sales originated in these areas.

1.31 As per the Scottish Government's standard methodology, all property sales where the purchase price was less than £20,000 or greater than £1million were excluded to ensure incorrectly coded deed changes and family transfers were not included, and to avoid outlying sales distorting genuine trends.

1.32 Only sales categorised as 'person to person', 'company', 'company new build' and 'unknown' were considered as part of this analysis.

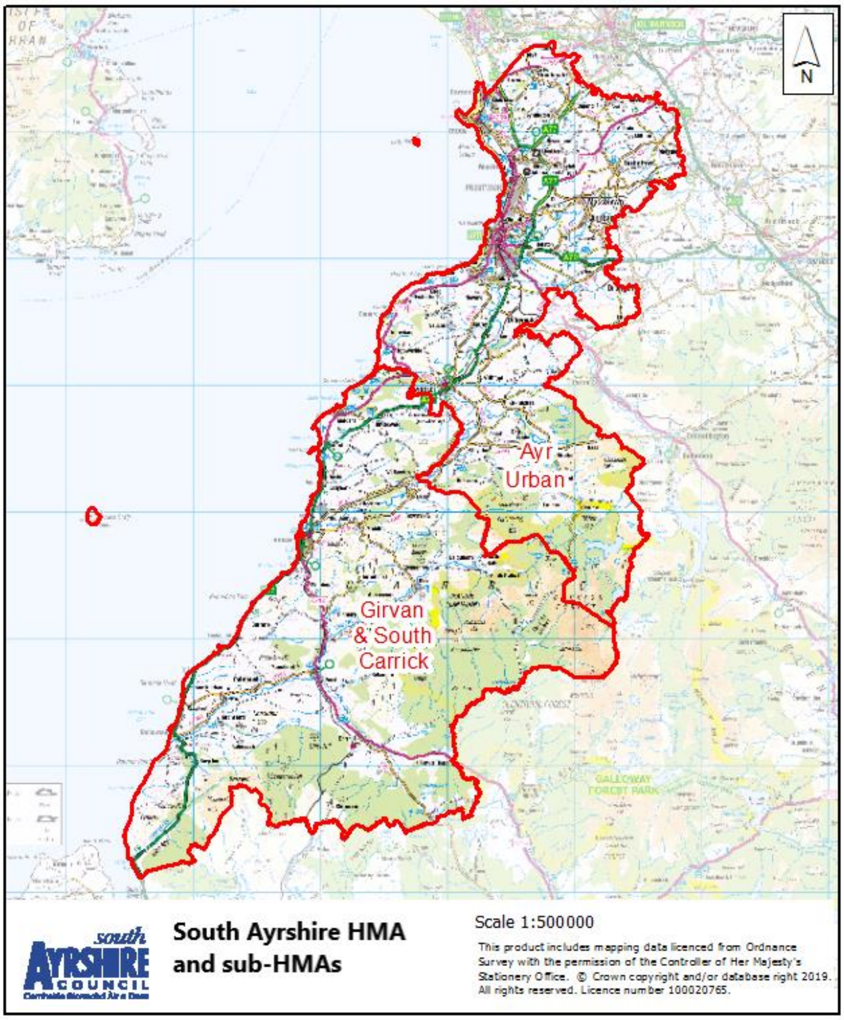
Existing HMA and Sub-HMAs

1.33 In the previous South Ayrshire HNDA – informed by analysis carried out by Newhaven Research between 2006 and 2008 - South Ayrshire was identified as a self-contained HMA, which was divided into two sub-HMAs for housing policy purposes[4]. These are detailed below, and include the following localities:

- Ayr Urban sub-HMA
  - Ayr North and Former Coalfield Communities
  - Ayr South and Coylton
  - Prestick
  - Troon
  - Maybole and North Carrick Communities
- Girvan and South Carrick sub-HMA
  - Girvan and South Carrick Villages
  - Some villages from the Maybole and North Carrick Communities locality – Maidens, Crosshill, Kirkoswald.

[4] More detail on this previous process is available at https://www.south-ayrshire.gov.uk/housingstrategy/lhs/need-assessment.aspx

2. South Ayrshire HMA



Origin-based containment

2.1 Following the above data cleansing exercise, analysis was carried out on 2017 RoS data to review origin-based containment – meaning the extent to which sales in the South Ayrshire HMA were to people already living in South Ayrshire. This analysis showed a total of 2,255 sales within the South Ayrshire HMA during the 2017 period. Of this number, 1,462 were purchased by people already living within South Ayrshire, giving a containment rate of around 65%. Table 2.a presents information on the origin of these sales in more detail.

2.2 Convention suggests that a containment rate of 70-75% establishes a self-contained housing market area. South Ayrshire can therefore be said to be a relatively self-contained HMA by this measure, with the convention of the authority boundary further solidifying this status. Notwithstanding sales from the Glasgow and Clyde Valley HMA (which encompasses a large geographic area across multiple authorities), sales from outside the South Ayrshire HMA are widely spread across Scotland rather than being focussed in one area. A proportion of purchasers originated in our neighbouring authorities of East Ayrshire and North Ayrshire, but while the number of sales is not insignificant the scale of these sales (amounting to 6% and 4% of all South

Ayrshire sales respectively) does not warrant extension of the HMA, as these fall well below the 10% threshold suggested in guidance.

Table 2.a – South Ayrshire housing market containment – Origin of sales in South Ayrshire, 2017

	No of sales	%
South Ayrshire	**1,462**	**64.8%**
Glasgow and Clyde Valley	282	12.5%
Rest of UK	158	7.0%
East Ayrshire	141	6.3%
Rest of Scotland	90	4.0%
North Ayrshire	84	3.7%
Outside UK	38	1.7%
TOTAL	**2,255**	**100%**

2.3 Further analysis of sales from within the Glasgow and Clyde Valley area is presented at Table 2.b. This demonstrates that while a number of sales in South Ayrshire have originated from within this geographically large and populous HMA, purchaser origins have been relatively thinly spread across a number of local authority areas, and no one authority surpasses the 10% threshold that would justify consideration of extending the housing market at this time. The Glasgow and Clyde Valley area should instead be considered to have an influence on the South Ayrshire housing market, but is not part of the HMA.

Table 2.b – Sales in South Ayrshire originating from the Glasgow and Clyde Valley area, 2017

Glasgow and Clyde Valley	**No of sales**	**%**
Glasgow	118	5.2%
South Lanarkshire	57	2.5%
East Renfrewshire	33	1.5%
Renfrewshire	25	1.1%
North Lanarkshire	24	1.1%
Not known - Glasgow	12	0.5%
West Dunbartonshire	8	0.4%
Inverclyde	4	0.2%
East Dunbartonshire	1	0.0%
TOTAL (GCV)	**282**	**12.5%**

Destination-based containment

2.4 An alternative method of considering the role of a housing market in the wider market context is to consider destination-based containment. This method considers where purchasers originating in South Ayrshire are moving to. This again utilises RoS data, and as such only pertains to sales taking place within Scotland.

Table 2.c – Sales where purchaser originated in South Ayrshire, 2017

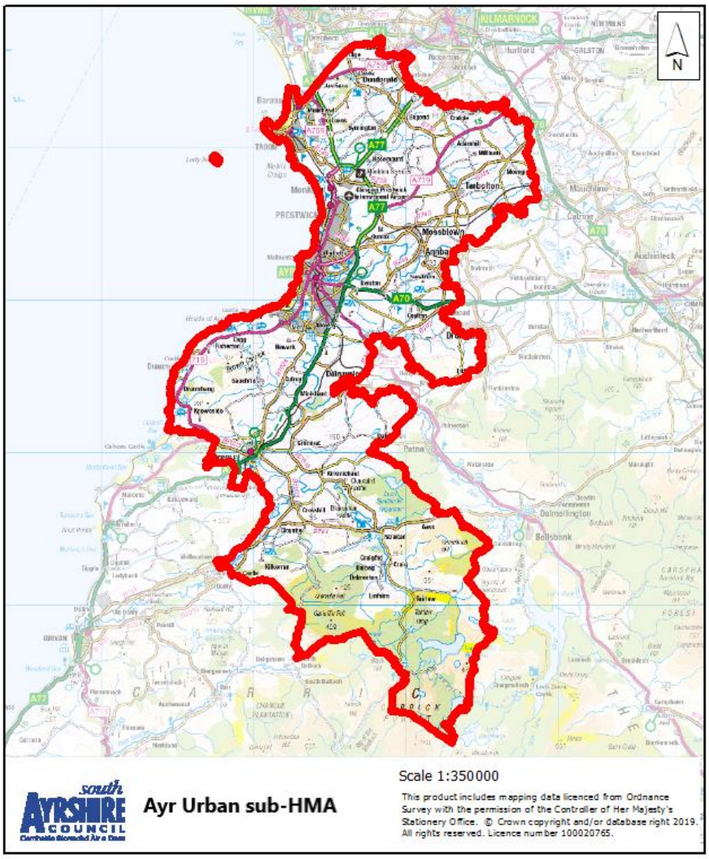
	No of sales	%
Aberdeenshire	2	0.1%
Angus	1	0.1%
Argyll and Bute	12	0.6%
Dumfries and Galloway	22	1.1%
Dundee City	1	0.1%
East Ayrshire	183	9.2%
East Dunbartonshire	6	0.3%
East Lothian	1	0.1%
East Renfrewshire	8	0.4%
Edinburgh, City	18	0.9%
Eilean Siar	1	0.1%
Falkirk	4	0.2%
Fife	4	0.2%
Glasgow City	89	4.5%
Highland	4	0.2%
Inverclyde	3	0.2%
Midlothian	2	0.1%
Moray	1	0.1%
North Ayrshire	103	5.2%
North Lanarkshire	4	0.2%
Perth and Kinross	5	0.3%
Renfrewshire	16	0.8%
Scottish Borders	3	0.2%
Shetland Islands	2	0.1%
South Ayrshire	**1,462**	**73.3%**
South Lanarkshire	24	1.2%
Stirling	3	0.2%
West Dunbartonshire	6	0.3%
West Lothian	5	0.3%
Total	**1,995**	**100.0%**

2.5 As can be seen in Table 2.c above, properties in South Ayrshire account for more than 73% of all sales in Scotland where purchasers originate in South Ayrshire. Of the available data, only 533 or around a quarter (26.7%) of sales originating in South Ayrshire were for properties outside of South Ayrshire. This represents a high level of containment and further supports the definition of the authority as a functional housing market area.

2.6 By this measure, the primary market interactions with other local authorities were with East Ayrshire (9.2% of sales originating in South Ayrshire bought a property here), North Ayrshire (5.2%) and Glasgow City (4.5%). Given the relationship in both origin-based and destination-based measures of containment, there is value in keeping the market relationship with East Ayrshire under review in the longer-term.

2.7 In summary, then, as origin and destination-based self-containment rates are 65% and 73% respectively, the South Ayrshire local authority area remains a distinct and self-contained housing market for strategic planning purposes, although the influence of the East Ayrshire housing market should be kept under review in the longer-term.

3. Ayr Urban sub-HMA



3.1 The Ayr Urban sub-HMA is centred on the main settlement of Ayr, and includes the towns of Ayr, Prestwick, Troon and Maybole, as well as a number of smaller villages including former Coalfields communities to the north and rural communities to the South.

Origin-based containment

3.2 Analysis of RoS data showed that the majority of sales in South Ayrshire in 2017 related to properties in the Ayr Urban sub-HMA – 2,070 out of 2,255 sales - almost 92% of all sales.

3.3 Table 3.a provides a breakdown of the sales in Ayr Urban sub-HMA by the origin of the purchaser.

Table 3.a – Ayr Urban sub-HMA containment – origin of sales in the Ayr Urban sub-HMA, 2017

Ayr Urban sub-HMA		
Purchaser origin	No. of sales	%
Ayr Urban sub-HMA	**1,314**	**63.5%**
Girvan and South Carrick sub-HMA	**33**	**1.6%**
Outside South Ayrshire	**723**	**34.9%**
Glasgow and Clyde Valley	267	12.9%
East Ayrshire	139	6.7%
Rest of UK	127	6.1%
Rest of Scotland	80	3.9%
North Ayrshire	79	3.8%
Outside UK	31	1.5%
Grand Total	**2,070**	**100.0%**

3.4 As can be seen above, more than 63% of Ayr Urban sub-HMA sales in 2017 were to people originating within this sub-HMA. This suggests that it is relatively self-contained. By contrast, very few sales in this area – 1.6% - originated in the Girvan and South Carrick sub-HMA.

3.5 A relatively high proportion of sales in the Ayr Urban sub-HMA – almost 35% - originated outside the local authority area, with a high number of purchasers originating from within the Glasgow and Clyde Valley area. It is important to remember, however, that this area covers a large geographic area, and as demonstrated earlier in analysis of South Ayrshire-wide data no single authority in this area merits inclusion as a 'sphere of influence' in the sub-HMA.

3.6 Around 7% of purchasers originated in the neighbouring authority of East Ayrshire, while around 4% originated in North Ayrshire. A high proportion of sales also originated from the rest of the UK and the rest of Scotland (all other authorities beyond East Ayrshire, North Ayrshire and Glasgow and Clyde Valley HMAs) – accounting for 6% and 4% of sales respectively. As such, it is important to recognise that, while relatively self-contained, the Ayr Urban sub-HMA is to some extent subject to mobile demand.

Destination-based containment

3.7 Looking now to destination-based containment, Table 3.d shows Scottish sales where the purchaser originated in the Ayr Urban sub-HMA.

Table 3.b – Sales where purchaser originated in Ayr Urban sub-HMA, 2017

Property local authority	No of sales	%
South Ayrshire	**1,335**	**72.4%**
Ayr Urban sub-HMA	1,314	71.3%
Girvan and South Carrick sub-HMA	21	1.1%
East Ayrshire	**178**	**9.7%**
North Ayrshire	**100**	**5.4%**
Glasgow City	**86**	**4.7%**
South Lanarkshire	**23**	**1.2%**
Dumfries and Galloway	**19**	**1.0%**
Edinburgh, City	**18**	**1.0%**
Renfrewshire	**13**	**0.7%**
Argyll and Bute	**12**	**0.7%**
East Renfrewshire	**7**	**0.4%**
East Dunbartonshire	**6**	**0.3%**
Perth and Kinross	**5**	**0.3%**
West Dunbartonshire	**5**	**0.3%**
West Lothian	**5**	**0.3%**
Fife	**4**	**0.2%**
Highland	**4**	**0.2%**
North Lanarkshire	**4**	**0.2%**
Scottish Borders	**3**	**0.2%**
Stirling	**3**	**0.2%**
Aberdeenshire	**2**	**0.1%**
Falkirk	**2**	**0.1%**

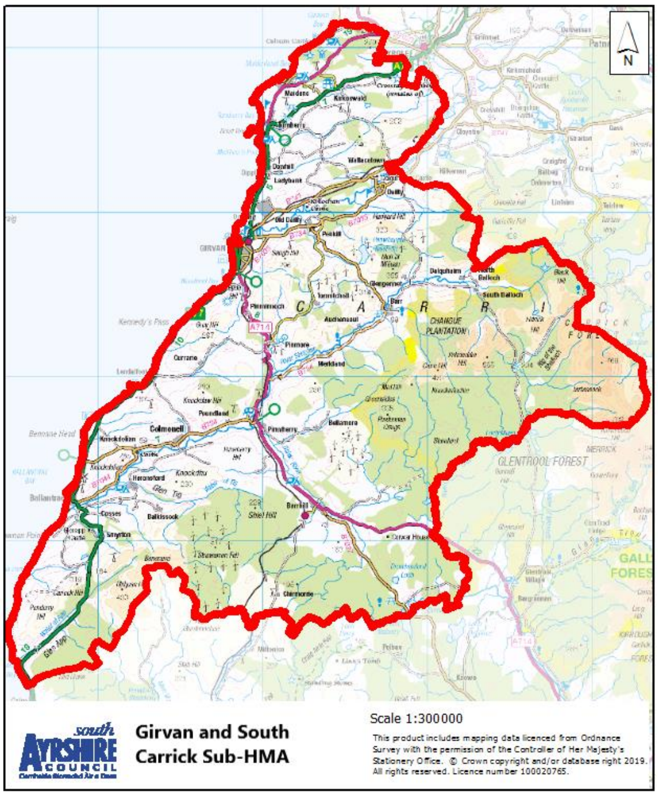
Inverclyde	**2**	**0.1%**
Shetland Islands	**2**	**0.1%**
Angus	**1**	**0.1%**
Dundee City	**1**	**0.1%**
East Lothian	**1**	**0.1%**
Eilean Siar	**1**	**0.1%**
Midlothian	**1**	**0.1%**
Moray	**1**	**0.1%**
Grand Total	**1,844**	**100%**

3.8 Of the 1,884 Scottish sales where the purchaser originated within in the Ayr Urban sub-HMA, more than 71% of these referred to the purchase of properties within the same sub-HMA.

3.9 By contrast, only around 1% of purchasers originating in this sub-HMA bought properties in Girvan and South Carrick sub-HMA.

3.10 It is important to again note the role of the East Ayrshire local authority area, with 9.7% of purchasers from Ayr Urban sub-HMA buying properties within this area.

4. Girvan and South Carrick sub-HMA



4.1 The Girvan and South Carrick sub-HMA has at its centre the town of Girvan, and includes the towns of Ballantrae, Barr, Colmonell and Dailly in the South, and Crosshill, Kirkoswald and Maidens in the North.

Origin-based containment

4.2 Sales in the Girvan and South Carrick sub-HMA accounted for around 8% of all sales in South Ayrshire during 2017.

4.3 Table 4.a presents a breakdown of the sales in the Girvan and South Carrick sub-HMA during 2017, by origin of purchaser.

Table 4.a – Girvan and South Carrick sub-HMA containment – origins of sales in the Girvan and South Carrick sub-HMA, 2017

Girvan and South Carrick sub-HMA		
Purchaser origin	No. of sales	%
Girvan and South Carrick sub-HMA	**94**	**50.8%**
Ayr Urban sub-HMA	**21**	**11.4%**
Outside South Ayrshire	**70**	**37.8%**
Rest of UK	31	16.8%
Glasgow and Clyde Valley	15	8.1%
Rest of Scotland	10	5.4%
Outside UK	7	3.8%
North Ayrshire	5	2.7%
East Ayrshire	2	1.1%
TOTAL	**185**	**100%**

4.4 Of the 185 sales that took place in the Girvan and South Carrick sub-HMA during 2017, more than half of these sales were within the same sub-HMA. Despite this, it is clear this falls well short of the 70% threshold required to classify the Girvan and South Carrick sub-HMA area as a functional housing market.

4.5 A higher proportion of sales in Girvan and South Carrick sub-HMA were from the Ayr Urban sub-HMA than was the case in the opposite direction. Almost 11.5% of sales in Girvan and South Carrick HMA during this period were from Ayr Urban sub-HMA. This is again higher than the 10% threshold required to establish a relationship between areas.

4.6 The Girvan and South Carrick sub-HMA also experienced a higher proportion of sales originating from outside the local authority area than was the case in Ayr Urban sub-HMA, with 17% of sales coming from the rest of the UK (excluding Scotland).

4.7 Much like the Ayr Urban sub-HMA, the Girvan and South Carrick sub-HMA saw a relatively high proportion of sales originating in Glasgow and Clyde Valley, but had far less sales interactions from North Ayrshire and East Ayrshire than was the case in Ayr Urban sub-HMA.

Destination-based containment

4.8 In terms of destination-based containment, the Girvan and South Carrick sub-HMA can again be seen to be less self-contained than the Ayr Urban sub-HMA, with a higher proportion of purchasers originating in Girvan and South Carrick sub-HMA purchasing properties in Ayr Urban sub-HMA than in the opposite direction.

4.9 Nonetheless, purchasers originating in this sub-HMA also tended to move within South Ayrshire to a greater extent than was the case in Ayr Urban sub-HMA. Moves within South Ayrshire accounted for 84% of sales from purchases originating in Girvan and South Carrick, compared to 72% of those originating in Ayr Urban sub-HMA.

4.10 East Ayrshire, Dumfries and Galloway, Glasgow City, North Ayrshire and Renfrewshire were the most common purchase destinations for those originating in Girvan and South Carrick, but only account for a small number of total sales.

Table 4.b – Sales where purchaser originated in Girvan and South Carrick sub-HMA, 2017

	No of sales	%
South Ayrshire	**127**	**84.1%**
Girvan and South Carrick sub-HMA	94	62.3%
Ayr Urban sub-HMA	33	21.9%
East Ayrshire	**5**	**3.3%**
Dumfries and Galloway	**3**	**2.0%**
Glasgow City	**3**	**2.0%**
North Ayrshire	**3**	**2.0%**
Renfrewshire	**3**	**2.0%**
Falkirk	**2**	**1.3%**
East Renfrewshire	**1**	**0.7%**
Inverclyde	**1**	**0.7%**
Midlothian	**1**	**0.7%**
South Lanarkshire	**1**	**0.7%**
West Dunbartonshire	**1**	**0.7%**

Grand Total	**151**	**100.0%**

4.11 We can conclude from the data presented above that the Girvan and South Carrick sub-HMA has a strong market relationship with the Ayr Urban sub-HMA, and therefore should not be considered a distinct housing market area in and of itself. The Girvan and South Carrick sub-HMA is subject to mobile demand to a greater extent than the Ayr Urban sub-HMA, but links with neighbouring authorities appear to be less pronounced based on the data analysed here.

5. Conclusions

Local authority housing market containment

5.1 Origin-based and destination-based analysis of RoS house purchase data both confirms that, while South Ayrshire has market links with a number of other authority areas and HMAs, South Ayrshire remains a functional HMA that is sufficiently distinct from surrounding authorities.

5.2 Despite this, it is important to recognise that South Ayrshire is to some extent subject to mobile demand, particularly from the Glasgow and Clyde Valley, East Ayrshire and North Ayrshire areas. Purchasers from the rest of the UK also play a considerable role in determining demand for properties in South Ayrshire.

5.3 Analysis of destination-based containment also demonstrated that while South Ayrshire can be seen to be self-contained by this measure, there is a market relationship with East Ayrshire local authority area that could be considered further in the future.

Sub-HMA containment

5.4 In terms of origin-based analysis, the Ayr Urban sub-HMA can be seen to be relatively self-contained, but is subject to a high level of mobile demand, particularly from Glasgow and Clyde Valley, East Ayrshire and the rest of the UK. The same can be said for destination-based analysis, with particular links to East Ayrshire.

5.5 Despite this, it is clear that the Girvan and South Carrick sub-HMA is far less self-contained by both measures than the Ayr Urban sub-HMA, with a greater degree of market influence on sales from both the Ayr Urban sub-HMA and purchasers originating outwith the local authority area, while a high proportion of sales originating in Girvan and South Carrick (more than 20%) are in the Ayr Urban sub-HMA.

5.6 As such, it can be said that there is little evidence that the Girvan and South Carrick sub-HMA should be considered to be a functional HMA in and of itself.

5.7 Guidance from the Centre for Housing Market Analysis based on this information and references within prior texts confirms that South Ayrshire's two sub-HMAs should continue to be considered as sub-HMAs, as part of the South Ayrshire HMA rather than functional HMAs in and of themselves.

5.8 As such, we recommend that the HNDA be produced at South Ayrshire HMA level only.