



**Greater Norwich Housing Market  
Assessment  
Impact of Nearby Sub-regions**

**Draft 8 May 2007**

## **1 SUMMARY AND CONCLUSIONS**

### **1.1 INTRODUCTION**

Greater Norwich does not exist in isolation. What happens in nearby sub-regions will affect housing markets in Greater Norwich.

Events in nearby sub-regions could affect housing supply or housing requirement in Greater Norwich.

Do events in nearby districts affect the supply of new housing in Greater Norwich? This seems unlikely. This report focuses instead on housing requirements.

Events in nearby districts might affect housing requirements in Greater Norwich. But this will happen only if the events lead to changes in migration. For example, people made redundant by the closure of a factory in Dereham may seek work in Norwich. This will affect the housing market only if the new workers choose to relocate homes to Norwich.

We use a migration model prepared by researchers from the Universities of Newcastle and Leeds for the then Office of the Deputy Prime Minister (OPDM). The model identified the main economic factors influencing migration. This report considers what the model predicts for migration to and from nearby sub-regions.

We use the OPDM migration model to predict how migration will affect housing requirement in Greater Norwich.

This report also considers predicted changes in housing supply with predicted changes in housing requirement for nearby districts. This provides a demographic analysis to complement the economic analysis.

Three sub-regions, Rural East Anglia, Great Yarmouth and Waveney and Haven Gateway have borders with Greater Norwich. In this report we concentrate on the districts that make up the three nearby sub-regions. For Haven Gateway we look at the four districts – Ipswich, Mid Suffolk, St Edmundsbury and Suffolk Coastal – that are closest to the Greater Norwich sub-region.

### **1.2 CONCLUSIONS**

Both economic and demographic factors point to continued in migration from districts in nearby sub-regions.

With high employment and high job growth Greater Norwich is an attractive location to migrants. This is especially true for migrants from the rest of Norfolk and Waveney district.

Populations will continue to grow in all nearby districts. But housing supply will not keep pace with population growth in many of these districts. This in-balance between housing supply and requirement is likely to reinforce to the economic factors that lead to migration.

In recent history Breckland district has been the only nearby district with net migration from Greater Norwich. We can expect this to reverse, as housing

supply in Breckland is unlikely to meet housing requirement between 2006 and 2011.

#### Economic Factors Affecting Migration

The OPDM migration model identifies factors that impact on migration...

- Distance from the original home.
- Levels of employment – compared to nearby areas
- Rates of employment growth – compared to nearby areas.
- House prices – compared to nearby areas.

Most migrants choose to move to an area close to their original home. Recent patterns of migration to and from Greater Norwich confirm this pattern - most migrants move to and from districts in the East Region.

Greater Norwich has high rates of economic activity and low rates of unemployment. This encourages inward migration.

Greater Norwich also has relatively high rates of employment growth and this will also encourage inward migration.

The OPDM migration model found a correlation between high house prices and inward migration. House prices in Greater Norwich are significantly higher than in Great Yarmouth and Waveney and slightly higher than Rural East Anglia. House prices in Greater Norwich are slightly lower than Haven Gateway.

#### Housing Supply and Housing Requirement

The Office for National Statistics (ONS) projects populations to grow in all nearby districts. In Breckland, King's Lynn and West Norfolk (West Norfolk), Great Yarmouth and Waveney districts we project populations and households will grow faster than the dwellings available to house them. It is likely that some of these households will seek housing in Greater Norwich.

For West Norfolk, Great Yarmouth and Waveney districts net migration into Greater Norwich will continue the pattern for the period 2001 to 2005. But for Breckland district net migration into Greater Norwich will reverse the trend from 2001 to 2005.

## 2 ECONOMIC FACTORS

In this section of the report we consider economic factors that may affect the relationship between Greater Norwich and nearby sub-regions. We are most interested in the economic factors that lead to more or less migration. It is these that will impact on housing markets.

In 2002 the then Office of the Deputy Prime Minister (OPDM) published Housing Research Summary number 167. This provided information about a migration model developed by researchers from the Universities of Newcastle and Leeds.

The model identified that...

- Areas with lower employment rates tend to have higher rates of out migration.
- Areas with low average house prices tend to have higher rates of out migration than areas with high average house prices.
- The most important factor affecting a migrant's destination choice is distance from their current home. Shorter distances are far more likely.
- Areas with higher rates of employment growth tend to attract in migrants.
- Areas with higher house prices are more likely to attract in migrants.

The house price results are interesting. It is unlikely that migrants choose to move to an area simply because house prices are higher. It seems more likely that other factors that also impact on house prices are at work. Possibilities include...

- Large numbers of migrants may affect demand for housing. This could push up house prices in locations with net in migrants and depress prices in locations with net out migrants.
- Migrants may seek better housing – or associated positive location factors such as a more attractive environment or better schools. Migrants may have to pay a premium for this.

The results from the migration model suggest the economic factors we need to look at to understand migration are employment rates, employment growth and average house prices

### 2.1 EMPLOYMENT RATES

We look at two employment statistics...

1. The economically active population.
2. The unemployed.

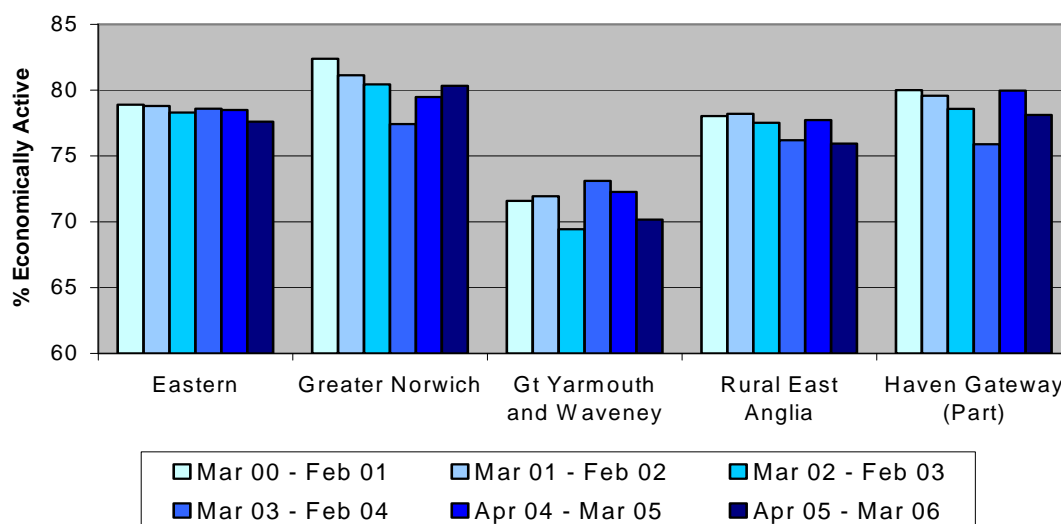
The government define the economically active population as the employed, self-employed and the unemployed who are actively seeking work. The definition excludes anyone under the age of 16.

The economically inactive population is anyone aged 16 or over who is not economically active. This group includes the retired, full time carers and people who are looking after a home. It also includes unemployed people who want to work but who do not meet the definition of ‘actively seeking work’.

The unemployment percentage is the number of economically active people seeking employment expressed as a percentage of the economically active population. It excludes economically inactive people who are seeking work.

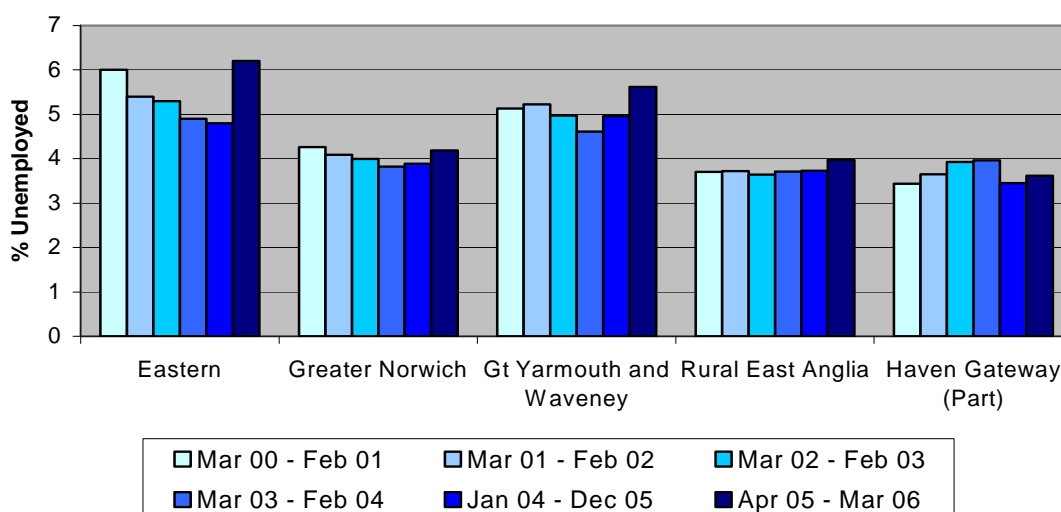
Economic Activity and Unemployment

**Percentage Economically Active**



Source: National Statistics (from Nomis website: [www.nomisweb.co.uk](http://www.nomisweb.co.uk))  
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**Percentage Unemployed**

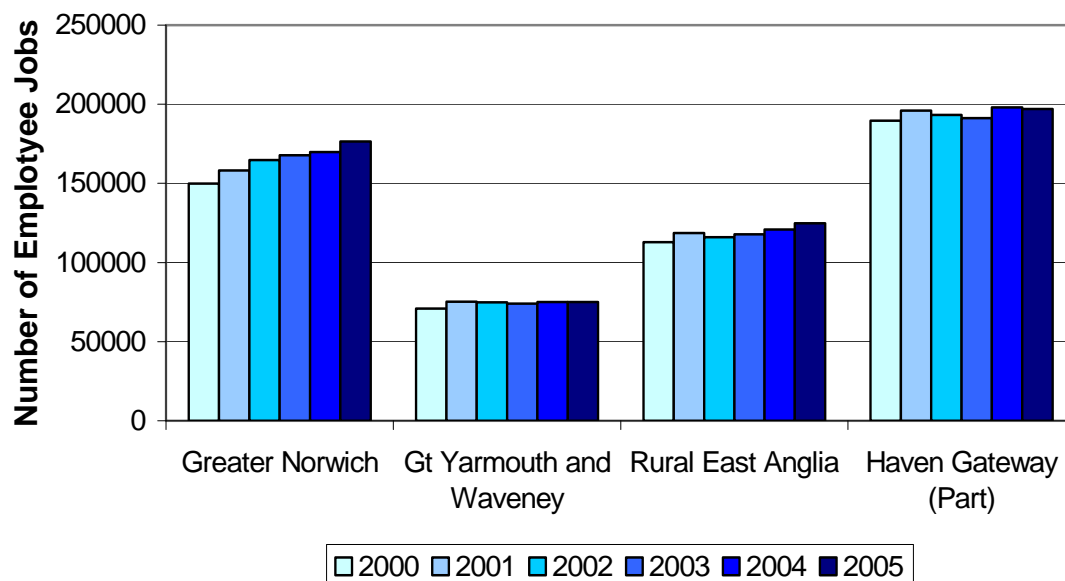


Source: National Statistics (from Nomis website: [www.nomisweb.co.uk](http://www.nomisweb.co.uk))  
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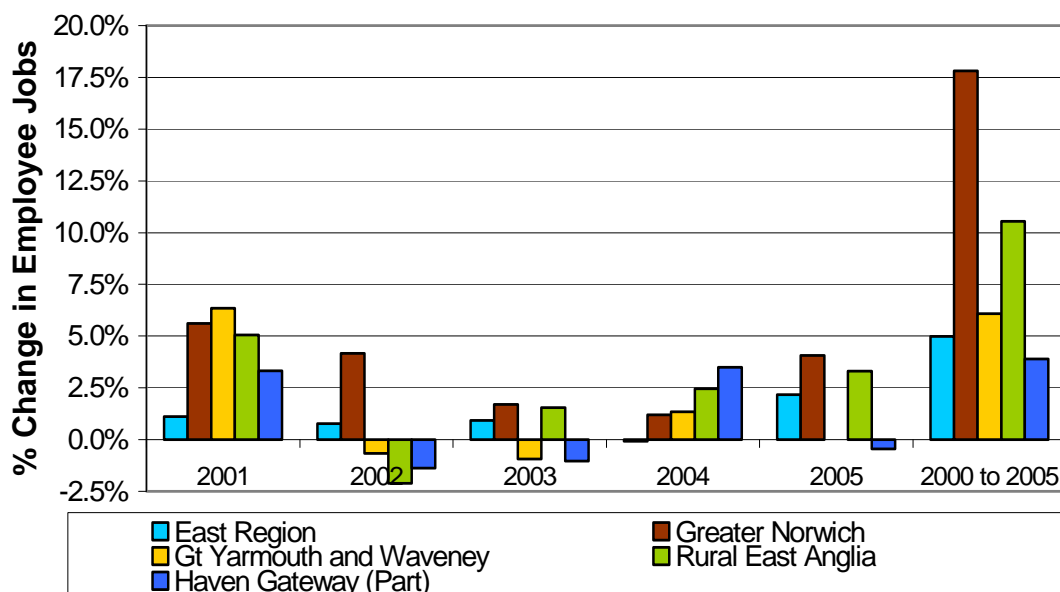
Greater Norwich has higher rates of economic activity than the three nearby sub-regions. Economic activity rates are also higher than the regional average. Unemployment is lower than the regional average and the Great Yarmouth and Waveney sub-region. Rural East Anglia and Haven Gateway have similar levels of unemployment to those of Greater Norwich.

## 2.2 EMPLOYMENT GROWTH

### Number of Employee Jobs



Source: National Statistics (from Nomis website: [www.nomisweb.co.uk](http://www.nomisweb.co.uk))  
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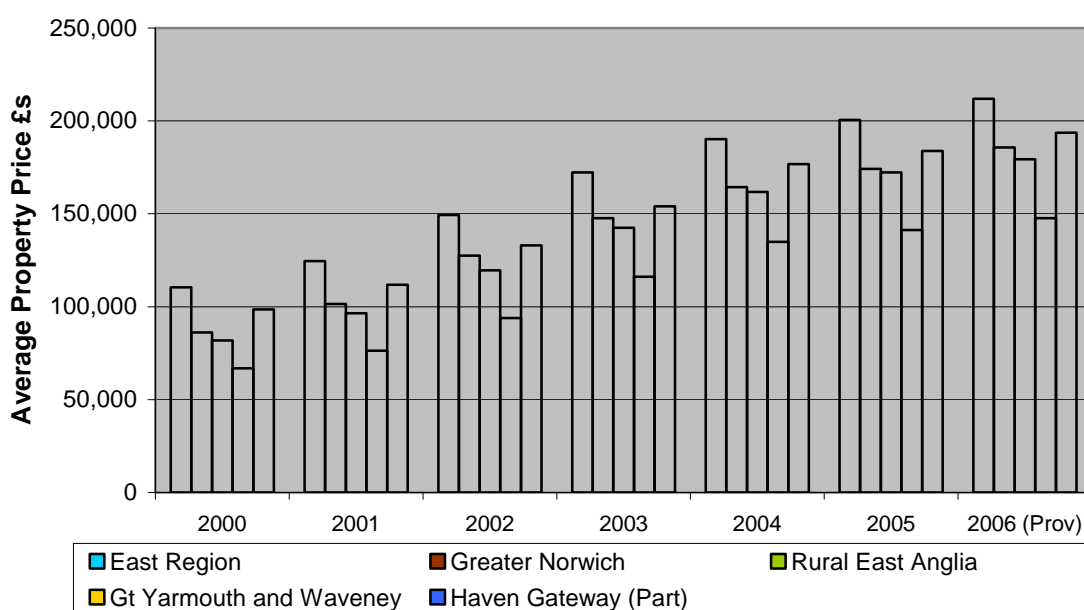
Source: National Statistics (from Nomis website: [www.nomisweb.co.uk](http://www.nomisweb.co.uk))  
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The OPDM housing research summary on migration identified employment growth as a factor in attracting migrants to an area. The first graph (above) shows the growth of employee jobs and excludes self-employment. It is clear that of the four sub-regions Greater Norwich has the fastest employment growth.

The second graph (above) shows the percentage change in employee jobs. Greater Norwich has most growth (17.5%) for the period 2000 to 2005. The growth rate is by far the largest of the four sub-regions. The next closest is Rural East Anglia at a little over 10%. Growth for the East region as a whole is only 5%.

## 2.3 HOUSE PRICES

### Average House Prices by Sub-region



Source: Department for Communities and Local Government

The graph shows average house prices by sub-region. The migration model in the OPDM Research Summary 167 (2002) found that...

- Areas with high house prices tended to attract in migrants.
- Areas with low house prices tended to lose population as a result of net out migration.

Greater Norwich is the highest priced area in Norfolk. But the four Suffolk districts in the Haven Gateway sub-region have higher average property prices than Greater Norwich.

### 3 HOUSING SUPPLY AND HOUSING REQUIREMENT

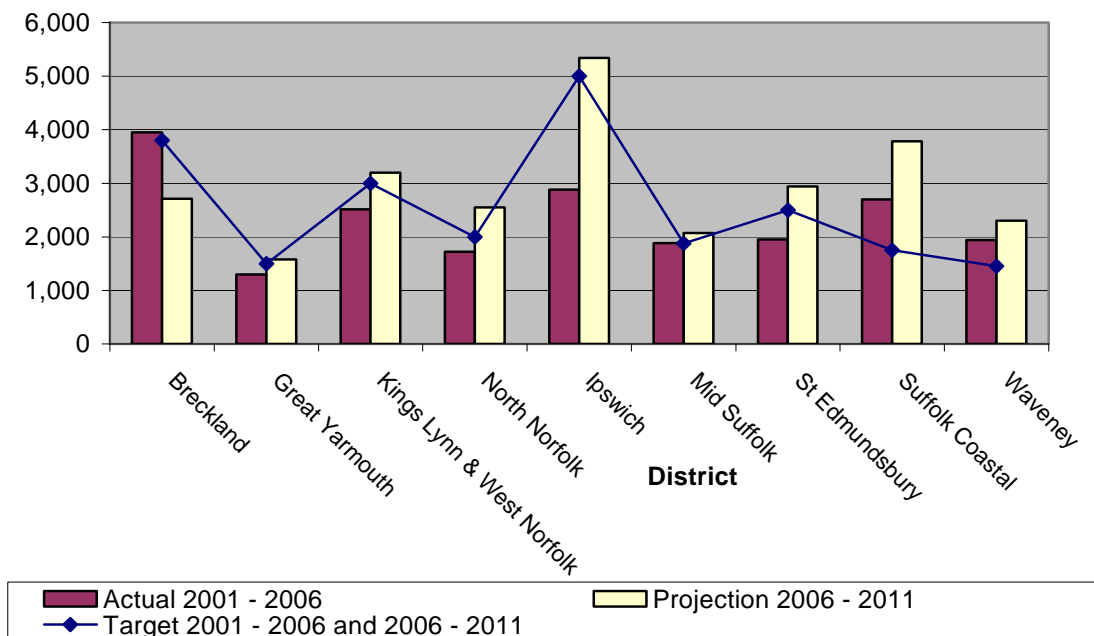
A shortage of housing in a nearby sub-region might lead to increased migration from that sub-region. Some of those migrants may move to Greater Norwich.

A shortage of housing might occur if the number of new dwellings does not keep pace with the projected growth in the population. This section looks at projections for populations and dwellings in nearby sub-regions.

#### 3.1 DWELLINGS AND PROJECTED DWELLINGS

Annual monitoring reports for each district provide the actual number of new dwellings 2001 to 2006 and projected new dwellings 2006 to 2011

##### Actual Projected and Target Completions for Nearby Districts

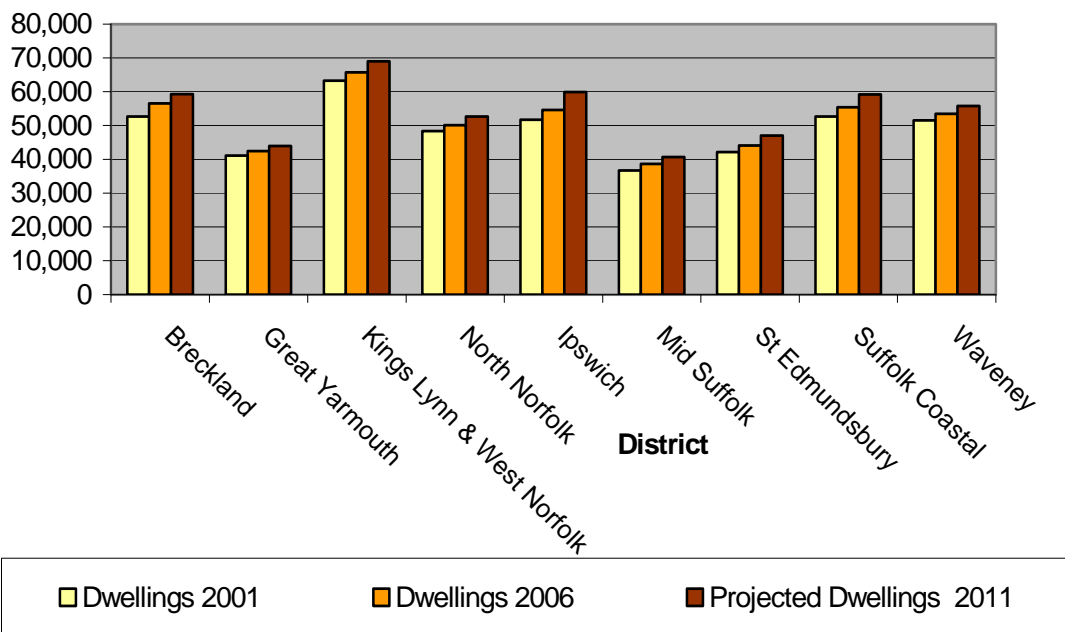


Source: Annual monitoring reports (2006) for each district.

The 2001 Census provides a base number of dwellings for each of the districts. To the 2001 dwelling figures we can add the number of new dwellings built in 2001 to 2006 and the projected number of new dwellings in 2006 to 2011.

The following graph shows the dwellings in 2001 and 2006 and projected dwellings in 2011 for each district.

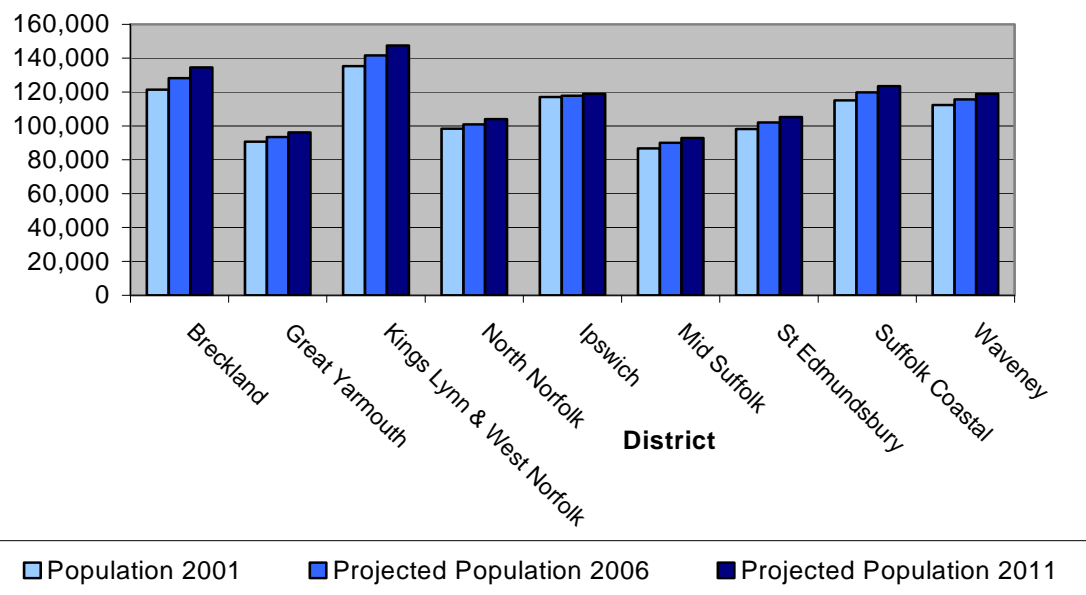
Actual and Projected Dwellings for Nearby Districts



**3.2 POPULATION PROJECTIONS**

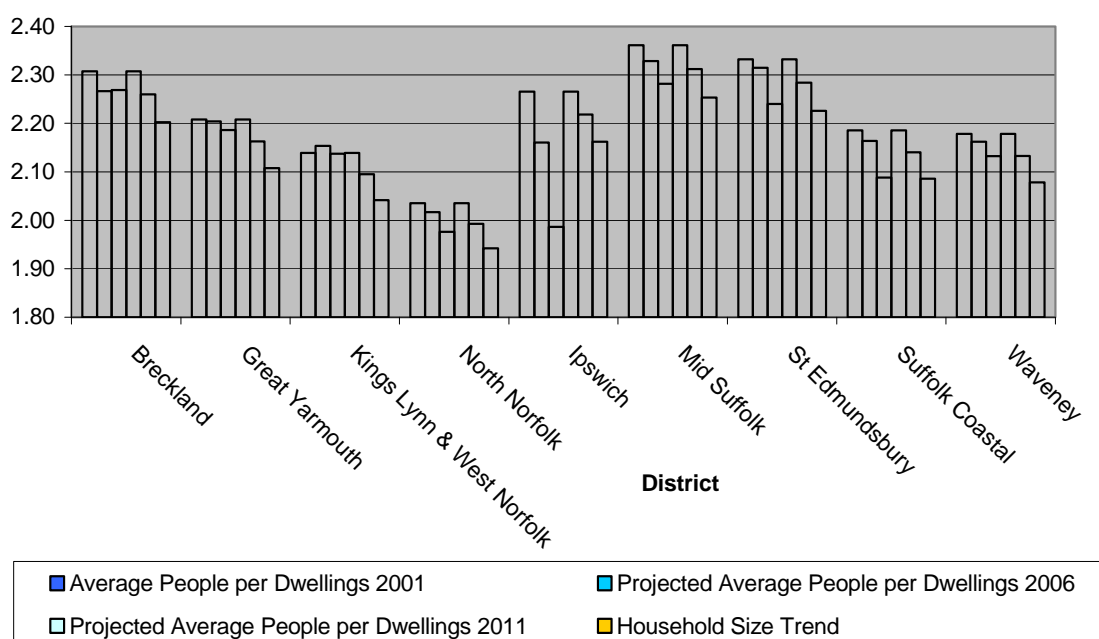
The census provides populations for 2001. The Office for National Statistics (ONS) provides trend based population projections. The graph shows these projected populations for 2006 and 2011 together with the census populations in 2001.

Populations and Projected Populations for Nearby Districts



### 3.3 AVERAGE NUMBER OF PEOPLE PER DWELLING

#### Average Number of People per Dwelling (Projected for 2006 and 2011)



The graph shows the projected changes in the average number of people per dwelling (shaded blue). The orange bars show what would happen if the 2001 average people per dwelling fell in proportion to the projected changes in average household size for the East of England.

The blue bars show what we project will happen. In Breckland, Great Yarmouth, King's Lynn and West Norfolk and Waveney average people per dwelling are falling more slowly than average household sizes for the East of England. This suggests there will be too many households for the available dwellings and the 'surplus' households may seek housing in nearby districts.

By contrast in Ipswich the average number of people per dwelling is falling faster than the average household size for the East of England. This suggests there may be a surplus of dwellings in Ipswich

What do our findings mean for Greater Norwich?

1. In recent history net migration has been from Greater Norwich into Breckland district. This coincided with the 2001 to 2006 period when Breckland had a large number of new dwellings. This pattern may reverse in 2006 to 2011 as households who cannot find homes in Breckland district move into Greater Norwich. This might be an especially attractive option for people already working within Greater Norwich.
2. In the recent past Greater Norwich has seen net in-migration from Yarmouth, Waveney and West Norfolk. With a continuing shortage of housing in these districts it is likely that migration will continue into Greater Norwich. But the projected surplus of housing in Ipswich may attract some migrants from Waveney who might otherwise choose Norwich.