

# NPF4 Minimum All-Tenure Housing Land Requirement

## Annex 3. Covid-19 Pandemic Recovery

### 1. Introduction

- 1.1. The statistical evidence used in the NPF4 All Tenure Minimum Housing Land Requirement figures and calculations is based upon statistical data that is obviously only made available in arrears.

Examples include:

- Local Area House price data (FY 2018/19)
- Rentals costs (to 2018)
- Incomes (to 2018)

- 1.2. Other than in the use of projected arising need for housing from NRS, most of the data in use is extracted from historical evidence and does not incorporate changes occurring at the present time. With the Covid-19 Pandemic from Spring 2020, the Highland Council Area witnessed an initial slowing of sales and construction followed by compensatory increases. This note outlines that emerging evidence and highlights the rationale for this being considered further as the situation becomes clearer.

### 2. Current Situation

- 2.1. There is a developing base of significant local evidence supporting the view of an overheating housing market in many areas of the Highland Council Area. Huge interest is being described by Estate Agents in all areas with sale prices at 10% over Homebuyers report being described as commonplace.
- 2.2. Lack of the right type of housing in specific areas is having significant impacts on the economic recovery in these areas. Business leaders are identifying that a lack of appropriate housing is the single issue preventing them attracting the staff they require.
- 2.3. Recognising that some areas have a particularly constrained housing supply (low build rates and high ineffective stock proportions due to holiday and second homes) the effect of introducing a further increasing demand is exacerbating the issue.
- 2.4. Homes for Scotland (HfS) – in their response to the Inner Moray Firth Local Development Plan Main Issues Report describe evidence from their members over the second half of 2020 suggesting a deferred demand. They quote both agents Savills<sup>1</sup> and Rettie<sup>2</sup> supporting this view. HfS also identify their members (housebuilders) describe selling many homes off plan with waiting lists and “....forward sales significantly higher than usual”.
- 2.5. In August 2020 news articles began to appear confirming “exceptional demand” and referred to Highlands and islands properties. <https://www.bbc.co.uk/news/uk-scotland-highlands-islands-53917743>. There is a developing base of significant local evidence supporting this view with huge interest being described by Estate Agents in all areas with sale prices at 10% over Homebuyers report being described as “commonplace”.

- 2.6. Newspaper reports in April 2021 quote the major local housebuilder (Tulloch Homes) describing a 12% rise in demand for homes in Inverness compared with the previous year (2020) describing "...people keen to achieve a better work-life balance and, in many cases being able to work from home away from urban centres". In the same report Savills estate agents describe a result of Covid-19 as "...behavioural and lifestyle changes as people are re-evaluating what they want from their lives, including how and where they wish to work".
- 2.7. Residential sales figures from Registers of Scotland<sup>5</sup> in the Highland Council area for the Financial Year 2020/21 perhaps not surprisingly show numbers of sales down at 4127 compared with 4514. The value of sales though delivers an average sale price in FY2020/21 of **£198,385** compared with £185,628 for the previous financial year – an increase of 6.87% in a single year. Considering that this financial year had major restrictions on viewings and travel due to the COVID-19 pandemic – this is a further indicator of the pressure of demand being experienced in the area.

### 3. Summary

- 3.1. The Highland Housing Market Partnership considers that this combination of evidence on the latest house price changes plus continuing further demand is developing a major pressure on the Highland Council area housing market. There must be a recognition that increasing demand from these pressures are over and above the proposed figures submitted in this response.

<sup>1</sup> <https://pdf.euro.savills.co.uk/uk/residential---other/report---scotlandresidential---autumn-2020.pdf>

<sup>2</sup> <https://www.rettie.co.uk/articles/scottish-housingmarket-rebuilds-after-collapse-in-spring>

<sup>3</sup> <https://www.bbc.co.uk/news/uk-scotland-highlands-islands-53917743>

<sup>4</sup> <https://www.pressandjournal.co.uk/fp/news/highlands/3022411/highland-housing/>

<sup>5</sup> <https://www.ros.gov.uk/data-and-statistics/house-price-statistics>