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Housing market intelligence report (Condensed)

Worthing district

February 2023

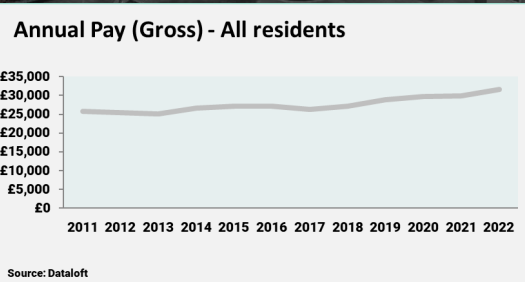
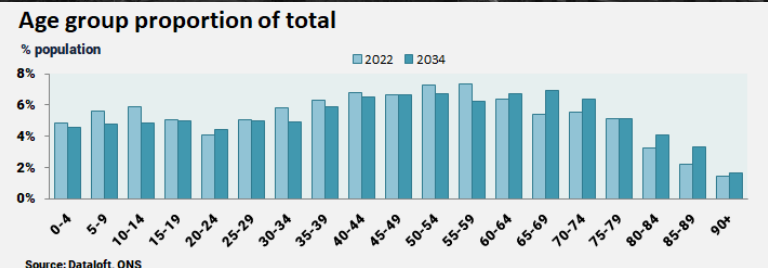


Renowned for its beautiful historic buildings, splendid coastline and Victorian grandeur, Worthing has been a vital part of Sussex commerce and a prized visitors attraction for many years. Referenced as far back as the Domesday Book, Worthing was for many years split into separate Villages and Hamlets. In 1803 with a populous of around 2500 people Worthing became a town and fortunes changed as rapid development of the town saw Georgian, Victorian and Edwardian influences creating new seaside and market garden commerce with the introduction of a railway line bringing yet more fortune to the town,

Further rapid expansion over the 20th and 21st centuries has seen the population rise to over 112,000 as of 2022, making it one of the largest and most populous towns on the South Coast. Growth is predicted at 3.8% (4,305) between 2022 and 2030 and by 5.6% (6,285) between 2022 and 2034. The current most populous age range (45 – 55) will change in its profile with a greater proportion of over 60s. People aged 60+ are projected to increase by 23%. 40-59 year olds are projected to decrease by 1% and under 40s by 2% during the same period.

Earnings have steadily increased by an average of 1.9% for all residents (based on ONS data) in Worthing and by 3.0% for renters (based on Dataloft sample).

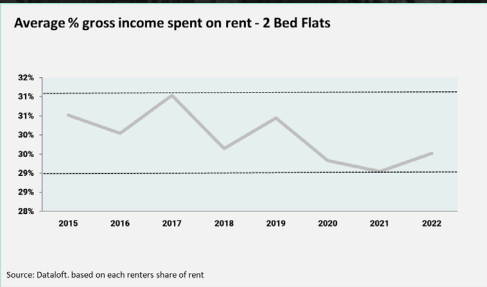
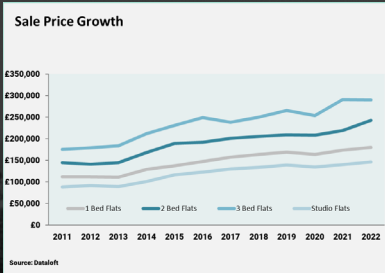
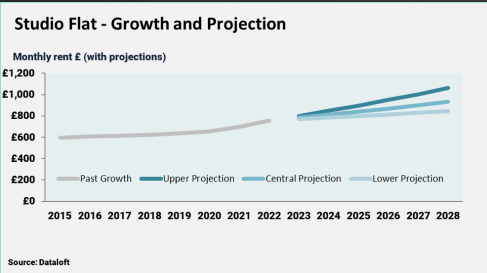
More recently, renters have seen earnings increase by 8.7% and 5.8% in 2021 and 2022. As is typical, the renter population often earn less than the wider population which includes higher earning home owners.



Worthing experienced a sharp increase in monthly rent prices of 16% for 2 bedroom flats and 19% for 3 bedroom flats between 2021 and 2022. This been seen in many locations across the UK as an unusual combination of factors come together post covid. This is far above the average annual growth rate of 4% and 5% respectively for the longer period 2015 to 2022. At the same time the local residential sales market also experienced a good post-lockdown recovery in 2 bedroom flats. Growth of 11% in 2021-2022 has been observed for 2 bed flats which is above the average annual growth rate of 6%. In general terms, growth has been seen at all levels of both the residential sales and rental market closely following the example shown for studio flats.

Both the sales and rental market has seen a drop in transaction volumes most recently, the rising costs of inflation, costs of living, interest rate rises and, until recently, restrictive lending criteria, coupled with regulatory changes in EPC rating and standard of living have caused a number of renters to remain in existing properties, landlords to consider exiting the market and disposing of lower efficiency homes, and higher costs of borrowing creating less attractive yields have all factored in this.

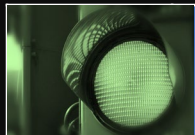
This would appear to be a short term issue given that overall affordability has remain steady for renters and owner occupiers at an average of 30% of earnings, however, general economic recovery, and a watchful eye on the impacts of regulation changes, including future clarity of such changes will need to be considered to maintain a balanced upward trend certainly when given the projected change in population proportion,





Challenges

- General - Differing options between data sources, local agents and industry experts causing a confusing outlook
- General - Continued development and supply of three/four bedroom homes diminishing entry level, affordable homes for purchase or buy to let for rental market
- General - Deepening cost of living
- Rental - Lack of firm guidance surrounding vacant premises, EPC and other regulatory changes causing lower confidence levels, planning delays and restrictions
- Rental - Ongoing legislative/regulation changes/rates (Landlord costs)
- Rental - Projected rental increases vs household earnings
- Rental - Landlord disposal of larger homes in favour of smaller, more efficient houses reducing supply of family rental properties
- Rental - Continued increases in rental rates and property prices vs income, costs of living, mortgage affordability
- Sales - Ageing population forecast, lack of suitable downsize homes creating an increase in single occupancy of family houses
- Sales - Short term fall in house prices slowing the market and reducing available stock to stimulate the market place and buy to let rental market
- Sales - Diminishing leases, costs of ground rent and leasehold reform causing uncertainty
- Sales - Short term rising rates/cost of living/HTB causing strain on affordability
- Sales - Train on buy to let and first time buyer purchases stalling the market



Positives

- General - Improving economic position (UK not entering recession)
- General - Continued large scale development and investment in the local area
- General - Continued migration to the area
- General - Increasing quality and energy efficiency in new homes lessening household costs of living
- General - Lowering general population forecast creating less strain on general population accommodation needs
- Rental - Future positivity in the rental market after current uncertainty with appropriate guidelines delivered
- Rental - Increasing popularity on build to rent
- Sales - Future property market confidence and rising house prices
- Sales - Improving mortgage approval rate following lessening criteria
- Sales - Increased supply in new build lower end homes
- Sales - Adjusted property values bringing more sales

Worthing in Comparison

Rental & Sales prices

Worthing remains more attractive in terms of rental prices in comparison to Brighton and Chichester, however, it is noted that prices gaps have closed over recent years moving the area above the lower priced seaside resorts of Littlehampton and Bognor Regis, where it is apparent less or less successful investment in town and attraction regeneration has been made.

This is mirrored when considering residential sales prices, albeit, rental prices appear to have increased at a marginally greater percentage and continue to do so currently with supply remaining outstripped by demand, there are natural differences apparent over different suburbs of the town, as is seen in all area across the UK. In summary, this lends the suggestion that Worthing remains of great importance in the wider success of Sussex, both in terms of consistent family occupation, lack of migration from the area, reverse migration to Worthing and investment, including commercially, new build development and buy to let investment with impressive buy to let yields available locally.

Both the rental and sales of social and affordable housing should also be considered further. Shared ownership has been prolific in the Brighton and Hove area for several years, although developments elsewhere have offered this, the end of Help to Buy will no doubt bring into sharp focus the requirements for methods of affordable home ownership to be increased elsewhere. Likewise Section 106 requirements for social and affordable housing will need to continue to be in place to deliver supported living and affordable rental to those most in need. It will be important that a balance is struck to generate quality housing to support these needs which will need include housing for an ageing population, whilst protecting home ownership growth within the 100% ownership entry, middle and high end markets, further delivering on the protection of developer net profit and ensuring future commitment to developing in the Worthing area.

Families, Commerce & Transport

Worthing boasts a diverse mix of family dynamics, from single occupancy, to mixed generational family homes, whilst projections suggest a decrease in population growth and increases in an ageing populus within this in the coming years, likely in contrasts to Brighton and Hove, and more in tune with Chichester, should the management of housing be carried out in a positive manner there is no reason to suggest growth in other areas of the demographic might be experienced in contrast predictions. More so, when considering Worthing benefits from outstanding transport links with several railway stations, recent and proposed A259 and A27 improvements and numerous public transport routes and initiatives.

Since Worthing was given town status, with a population of approximately 2500, we have seen the popularity of a seaside resort, with good transport links fuelling changing commerce from labour and agriculture to business and finance, however, at present the level of construction in the local and surrounding area, coupled with trade and seasonal businesses, including restaurants, attractions, and pop ups, again brings the conclusion that Worthing is capable of delivering opportunity in a number of areas, from town centre locations, secondary high streets, local convenience stalls, and trade/business centres all within a few miles of each other. This appears to be in contrast with the higher boutique nature of Chichester, spread over many miles, the generalised tourism resort nature of Littlehampton and Bognor Regis and the mixed retail nature and tourism of Brighton and Hove.

Future redevelopment

Given Worthing's geography with the sea to the south and South Downs National Park to the north and the requirements for strategic/green gaps between boroughs, it would seem apparent that future development potential is greater in alternative locations, and, indeed, is seen nearby with the creation of new housing estates in Chichester, Angmering, East Preston, Lancing and Littlehampton.

This said, allocation of and proposals for forthcoming brownfield sites, including, Worthing Gas Works, Teville Gate, Union Place, Columbia House (B), Barrington Road, Decoy Farm and The Causeway, will go some distance to dismiss this theory on residential, affordable, social and commercial basis's. The continued regeneration of our High Streets, allowing change of usage with limited barriers to redevelop for residential purposes and accommodate smaller independent business with lower rates is also somewhat unique to Worthing and should be promoted and continued to ensure the towns future success.

A full copy of the extensive housing market intelligence report is available by request. Please contact Chris Stephens at CS inc. Ltd for a quotation. Email cs@csinc.uk

Our sincere thanks to Dataloft for providing such a depth of data to enable the creation of this work, our business partner, Coast & Country Real Estate and the wider local business and community for their input and commentary as noted throughout this report.

Data sources include Dataloft, Dataloft DRMA database – Tenancies, ONS 2018 based population projections, Geography: Published at Local Authority Level (Worthing), Land Registry, annual survey of hours and earnings - resident analysis. Further source: Flickr, Wikipedia, Five Minute History, Worthing History

Monthly average of UK resident monetary financial institutions' (excl. Central Bank) sterling weighted average interest rate, loans secured on dwellings, new advances to households (in percent) not seasonally adjusted (Source code: CFMBJ95), 25% year term and 84% LTV assumed. Opinions expressed are our own and should not be relied upon before separate due diligence is carried out. Data accurate as of 1.2.23. No liability can be accepted for any loss incurred as a result of reliance on the information provided within this report. Local opinions only, supporting data not currently available

