

# Woking Town Centre Housing Market Analysis Update

**Woking Borough Council**

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**Prepared by**

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## **CONTENTS**

<b>1</b>	<b>EXECUTIVE SUMMARY</b>	<b>9</b>
<b>2</b>	<b>INTRODUCTION</b>	<b>22</b>
<b>3</b>	<b>HOUSING MARKET AREA</b>	<b>25</b>
<b>4</b>	<b>DEMAND AND SUPPLY BALANCE</b>	<b>42</b>
<b>5</b>	<b>MARKET SIGNALS</b>	<b>71</b>
<b>6</b>	<b>BUILD OUT RATES</b>	<b>90</b>
<b>7</b>	<b>HOUSING MARKET SURVEY</b>	<b>95</b>
<b>8</b>	<b>WOKING TOWN CENTRE TRAJECTORY</b>	<b>104</b>
<b>9</b>	<b>VIABILITY</b>	<b>120</b>

## **LIST OF FIGURES**

<b>FIGURE 1: ADJUSTED BORS BASED ON THE WTC SITE DEVELOPMENT SCHEDULE</b>	<b>20</b>
<b>FIGURE 2: GROSS MIGRATION FLOWS PER ANNUM PER 1,000 OF POPULATION, 2016-2020</b>	<b>31</b>
<b>FIGURE 3: WORKPLACE PERCENTAGE CHANGE FROM THE BASELINE, WOKING, 2021</b>	<b>35</b>
<b>FIGURE 4: MAP OF THE HMA</b>	<b>37</b>
<b>FIGURE 5: MAP OF THE WOKING HOUSING MARKET</b>	<b>38</b>
<b>FIGURE 6: MEDIAN HOUSE PRICES, HMA, 2020</b>	<b>39</b>
<b>FIGURE 7: MEDIAN HOUSE PRICES, HMA, 2010-2020</b>	<b>40</b>
<b>FIGURE 8: WOKING TOWN CENTRE (WTC) BOUNDARY</b>	<b>42</b>
<b>FIGURE 9: WOKING TOWN CENTRE (WTC) BOUNDARY AND BEST-FIT BY OUTPUT AREAS 2011 (OAS)</b>	<b>43</b>
<b>WOKING TOWN CENTRE (WTC) BOUNDARY AND BEST-FIT BY WARDS44</b>	
<b>FIGURE 10:</b>	<b>44</b>
<b>FIGURE 11: SUPPLY OF DWELLINGS IN WOKING BOROUGH 2011/12 – 2019/20</b>	<b>50</b>
<b>FIGURE 12: BASELINE POPULATION TREND (INDEX:2011), WTC (WARD LEVEL) AND HMA BOROUGH, 2011-2020</b>	<b>55</b>
<b>FIGURE 13: BASELINE HOUSEHOLD TREND, WTC (WARD LEVEL) AND HMA BOROUGH, 2011-2020</b>	<b>57</b>
<b>FIGURE 14: PROJECTED HOUSEHOLD GROWTH, WTC (WARD LEVEL) AND HMA BOROUGH, 2021-2035</b>	<b>59</b>
<b>FIGURE 15: BASELINE HOUSEHOLDS' SIZE TREND, WTC AT WARD LEVEL, THE BOROUGH AND WIDER COMPARATORS, 2011-2020</b>	<b>60</b>
<b>FIGURE 16: PROJECTED HOUSEHOLDS' SIZE TREND, WTC, THE BOROUGH AND WIDER COMPARATORS, 2021-2035</b>	<b>61</b>
<b>FIGURE 17: AGE STRUCTURE, WTC, THE BOROUGH AND WIDER COMPARATORS, THE YEAR 2011</b>	<b>62</b>
<b>FIGURE 18: AGE STRUCTURE, WTC THE BOROUGH AND WIDER COMPARATORS, THE YEAR 2021</b>	<b>63</b>

<b>FIGURE 19: % CHANGE IN AGE STRUCTURE, WTC, THE BOROUGH AND WIDER COMPARATORS, 2021-2035</b>	<b>65</b>
<b>FIGURE 20: AVERAGE PRICE (NEW BUILD), 2001-2021</b>	<b>74</b>
<b>FIGURE 21: AVERAGE PRICE (EXISTING DWELLINGS), 2001-2021</b>	<b>75</b>
<b>FIGURE 22: MEDIAN, MEAN, LQ RENTS, 2020/2021</b>	<b>78</b>
<b>FIGURE 23: HOUSEHOLD INCOME INDEXED TO 2012</b>	<b>79</b>
<b>FIGURE 24: LOCATION QUOTIENT OF INDUSTRY EMPLOYMENT, HMA VS ENGLAND, 2021</b>	<b>84</b>
<b>FIGURE 25: HOME MOVERS RECORD, HMA, JULY 2019 TO OCTOBER 2021</b>	<b>87</b>
<b>FIGURE 26: HOME MOVERS RECORD, WTC, JULY 2019 TO OCTOBER 2021</b>	<b>88</b>
<b>FIGURE 27: STRATEGIC HOUSING SITES IN WTC</b>	<b>92</b>
<b>FIGURE 28: HOUSING MARKET CONDITION</b>	<b>97</b>
<b>FIGURE 29: HOUSING DEMAND BY HOUSEHOLD TYPES</b>	<b>98</b>
<b>FIGURE 30: MARKET DEMAND BY TENURE</b>	<b>98</b>
<b>FIGURE 31: FUTURE HOUSING DEVELOPMENT SIZE BREAKDOWN</b>	<b>99</b>
<b>FIGURE 32: HOUSING DEVELOPMENT TYPE BREAKDOWN</b>	<b>100</b>
<b>FIGURE 33: DEVELOPMENT SUITABLE FOR BROWNFIELD SITES (BY TYPE)</b>	<b>101</b>
<b>FIGURE 34: HOUSING SUPPLY (2021/22-2025/26)</b>	<b>105</b>
<b>FIGURE 35: ANNUAL HOUSING SUPPLY AND TARGETS (2021/22-2025/26)</b>	<b>106</b>
<b>FIGURE 36: HOUSING LAND SUPPLY AND TARGETS, GUILDFORD AND WOKING 2026/7-2035/6</b>	<b>106</b>
<b>FIGURE 37: THE CURRENT TRAJECTORY OF WTCSDS</b>	<b>111</b>
<b>FIGURE 38: ADJUSTED BORS BASED ON THE WTC SITE DEVELOPMENT SCHEDULE</b>	<b>119</b>
<b>FIGURE 39: PROPERTIES DEVELOPERS/PLANNING CONSULTANTS SPECIALISED IN</b>	<b>149</b>
<b>FIGURE 40: AREAS THAT DEVELOPERS/PLANNING CONSULTANTS OPERATE IN</b>	<b>149</b>
<b>FIGURE 41: HOUSING MARKET STRENGTH</b>	<b>150</b>

<b>FIGURE 42:</b>	<b>MARKET DEMAND BY HOUSEHOLD TYPES</b>	<b>151</b>
<b>FIGURE 43:</b>	<b>MARKET DEMAND BY TENURE</b>	<b>151</b>
<b>FIGURE 44:</b>	<b>WTC HOUSE BUYER'S ORIGINS</b>	<b>152</b>
<b>FIGURE 45:</b>	<b>COVID-19 IMPACT ON THE HOUSING MARKET</b>	<b>153</b>
<b>FIGURE 46:</b>	<b>BREXIT POLICY IMPACTS</b>	<b>153</b>
<b>FIGURE 47:</b>	<b>PROFILE OF HOUSE BUYERS</b>	<b>154</b>
<b>FIGURE 48:</b>	<b>HOUSING DEVELOPMENT SIZE BREAKDOWN</b>	<b>155</b>
<b>FIGURE 49:</b>	<b>HOUSING DEVELOPMENT TYPE BREAKDOWN</b>	<b>156</b>
<b>FIGURE 50:</b>	<b>HOUSING DEVELOPMENT TENURE BREAKDOWN</b>	<b>156</b>
<b>FIGURE 51:</b>	<b>HOUSEHOLDS LIKELY TO ATTRACT BY BROWNFIELD DEVELOPMENTS</b>	<b>157</b>
<b>FIGURE 52:</b>	<b>DEVELOPMENT SUITABLE FOR BROWNFIELD SITES (BY TYPE)</b>	<b>158</b>
<b>FIGURE 53:</b>	<b>DEVELOPMENT SUITABLE FOR BROWNFIELD SITES (BY TENURE)</b>	<b>158</b>

### **LIST OF TABLES**

<b>TABLE 1:</b>	<b>ADJUSTED BOR OF MARKET/AFFORDABLE SALE DWELLINGS</b>	<b>14</b>
<b>TABLE 2:</b>	<b>ADJUSTED BOR OF MARKET RENT DWELLINGS</b>	<b>17</b>
<b>TABLE 3:</b>	<b>ADJUSTED BOR OF AFFORDABLE RENT DWELLINGS</b>	<b>18</b>
<b>TABLE 4:</b>	<b>AVERAGE COMBINED MIGRATION FLOWS, 2016-2020</b>	<b>29</b>
<b>TABLE 5:</b>	<b>AVERAGE COMBINED MIGRATION FLOWS, WOKING, 2016-2020</b>	<b>32</b>
<b>TABLE 6:</b>	<b>RELATIONSHIP WITH LONDON BOROUGHs, COMMUTING FLOWS, 2011</b>	<b>33</b>
<b>TABLE 7:</b>	<b>COMMUTER JOURNEYS FROM WOKING, 2011</b>	<b>34</b>
<b>TABLE 8:</b>	<b>MEDIAN HOUSE PRICES PERCENTAGE INCREASES, 2010-2020</b>	<b>40</b>
<b>TABLE 9:</b>	<b>TYPES OF DWELLINGS DELIVERED BETWEEN 2001 AND 2011</b>	<b>46</b>
<b>TABLE 10:</b>	<b>SIZES OF DWELLINGS DELIVERED BETWEEN 2001 AND 2011</b>	<b>48</b>

<b>TABLE 11: SUPPLY OF DWELLINGS IN WOKING BY LOCATION 2012/13– 2019/20</b>	<b>51</b>
<b>TABLE 12: CHANGE IN TENURE OF DWELLINGS 2001-11</b>	<b>52</b>
<b>TABLE 13: NEW HOMES IN THE BOROUGH OF WOKING, TENURE SPLIT</b>	<b>53</b>
<b>TABLE 14: BASELINE POPULATION (000'S), WTC (WARD LEVEL), THE BOROUGH AND WIDER COMPARATORS, 2011-2020</b>	<b>55</b>
<b>TABLE 15: FORECAST POPULATION CHANGE, WTC AT WARD LEVEL, THE BOROUGH AND WIDER COMPARATORS, 2021-2035</b>	<b>56</b>
<b>TABLE 16: BASELINE HOUSEHOLDS (000'S), WTC (WARD LEVEL) AND HMA, 2011-2020</b>	<b>57</b>
<b>TABLE 17: FORECASTED HOUSEHOLD GROWTH, WTC AT WARD LEVEL, THE BOROUGH AND WIDER COMPARATORS, 2021-2035</b>	<b>58</b>
<b>TABLE 18: FORECASTED HOUSEHOLD SIZE, WTC, THE BOROUGH AND WIDER COMPARATORS, 2021-2035</b>	<b>61</b>
<b>TABLE 19: BASELINE HOUSEHOLD COMPOSITION, WOKING AND WIDER COMPARATORS, 2011</b>	<b>66</b>
<b>TABLE 20: BASELINE HOUSEHOLD COMPOSITION, WOKING AND THE HMA, 2011-2020</b>	<b>67</b>
<b>TABLE 21: PROJECTED HOUSEHOLD COMPOSITION, WOKING AND THE HMA, 2021-2035</b>	<b>68</b>
<b>TABLE 22: % INCREASE IN MEDIAN HOUSE PRICES, 2001 – 2021</b>	<b>73</b>
<b>TABLE 23: LQ AND AVERAGE HOUSE PRICES OF NEW BUILD HOMES, 2001 - 2021</b>	<b>74</b>
<b>TABLE 24: LQ AND AVERAGE PRICES AND % INCREASE (EXISTING DWELLINGS), 2001 - 2021</b>	<b>76</b>
<b>TABLE 25: AVERAGE PRICES FOR EXISTING DWELLINGS AND NEW BUILDS, 2011 TO 2021</b>	<b>76</b>
<b>TABLE 26: % DIFFERENCE BETWEEN LQ PRICES AND SE MEDIAN AND ENGLAND MEAN</b>	<b>78</b>
<b>TABLE 27: TOTAL ANNUAL HOUSEHOLD INCOME AND % INCREASE, 2012 – 2018</b>	<b>80</b>
<b>TABLE 28: AFFORDABILITY RATIOS AND % INCREASES, 2012-2018</b>	<b>81</b>

**TABLE 29: PERCENTAGE OF HOMES OVERCROWDED AND UNDER-OCCUPIED, HMA 81**

**TABLE 30: THE VACANCY RATE, HMA 82**

**TABLE 31: NUMBER OF BUSINESSES AND % INCREASE, HMA, 2011-2021 85**

**TABLE 32: AVERAGE IMD DECILE BY LA, 2019 86**

**TABLE 33: AVERAGE BOR FOR SITES OF DIFFERENT SIZES 90**

**TABLE 34: AVERAGE BOR FOR SITES OF DIFFERENT SIZES ON PDL 91**

**TABLE 35: HOME BUILT CAGR 2012-2021, WTC (OA LEVEL) AND COMPARATOR GEOGRAPHIES 93**

**TABLE 36: COMPARABLE TOWN CENTRE AREAS 108**

**TABLE 37: TENURE SPLIT WITHIN COMPARABLE TOWN CENTRE AREAS 110**

**TABLE 38: ADJUSTED BOR OF MARKET/AFFORDABLE SALE DWELLINGS 113**

**TABLE 39: ADJUSTED BOR OF MARKET RENT DWELLINGS 116**

**TABLE 40: ADJUSTED BOR OF AFFORDABLE RENT DWELLINGS 117**

**APPENDICES**

**APPENDIX A: PROPERTY SALES AND LETTING AGENT’S CONSULTATION 143**

**APPENDIX B: DEVELOPERS’ AND PLANNING CONSULTANT’S CONSULTATION 149**

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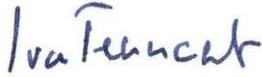
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DATE  
24<sup>th</sup> March 2022

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## **1 EXECUTIVE SUMMARY**

- 1.1 The purpose of this study (the Woking Town Centre Housing Market Analysis Update, HMAU) is to update the study produced by GL Hearn in 2019 “Woking Town Centre Housing Market Analysis” (the original study).
- 1.2 To this end, it produces a revised assessment as to whether housing market dynamics in Woking Town Centre (WTC) and its wider catchment area displays the strength and underlying trends that will support the delivery of development in terms of volume, mix and build-out rate as envisaged in the Woking Town Centre Site Development Schedule (WTCSDS).

### Local Housing Market Area

- 1.3 In order to understand the trends that determine market conditions in WTC, it has been necessary to define the catchment area that development in the Town Centre serves. This is comparable to a “Local” Housing Market Area (Local HMA), defined as an area in which 50% of domestic migration (house-moves) both begin and end in the HMA.
- 1.4 In combination, domestic migration and travel to work data point to a Local HMA comprising Woking, Guildford and Runnymede. The data gathered do not support the inclusion of Surrey Heath, Waverley and Elmbridge in a Local HMA centred on Woking.

## Demand and supply balance

### **Supply**

- 1.5 Of the 2,748 new homes that were delivered in the Borough between 2001 and 2011, 33% (893 dwellings), were delivered in WTC.
- 1.6 Between 2001 and 2011, 831 new purpose-built flats were delivered in WTC. This volume of development indicates that this type of dwelling was the preferred development type over this period.
- 1.7 Over the period 2011 to 2020, WTC played a particularly important role in the supply of smaller 1- and 2-bedroom dwellings. The area accounted for 56% of the total supply of these sizes of homes in the Borough.
- 1.8 The number of households living in the private rented sector (PRS) in WTC grew over the 2001-2011 period by 692, or 135%. This accounted for 23% of PRS growth in the Borough as a whole.
- 1.9 Although the rate at which homes are built in WTC between 2014 to 2019 was relatively low compared with the levels achieved between 2012 and 2014, a substantial uplift has been observed in the most recent year with 220 new homes delivered in 2020.
- 1.10 WTC accounts for a high share of the Affordable Housing, indicating the suitability of the Town Centre as a location for additional Affordable Housing units.
- 1.11 Given the suitability of WTC to the provision of dwellings within reach of people on modest incomes, the lack of new affordable units highlights the importance of bringing forward development in WTC.

## **Demand**

- 1.12 The projected household growth over the period 2021 to 2035 is substantial for both WTC and the Borough as a whole. In 2035, there are forecast to be an additional 1,123 households in WTC.
- 1.13 Moreover, other local authorities in the Local HMA show an even higher level of household growth, with Runnymede and Guildford showing 19.5% and 17.6% respectively in the period to 2035.
- 1.14 The average household size of WTC will fall from 2.68 to 2.57 over the period 2021 to 2035. This is therefore likely to lead to a requirement for additional dwellings to house with the same number of people. Also, this will leads to more households in WTC if more dwelling exists.
- 1.15 Based on the age structure trend between 2021 to 2035 in WTC, the decrease in children (0-14 years) and people of middle age indicates a possible decline in the need for homes suited to families with children.
- 1.16 That said, the growth of older age groups and people aged between 15-24 years points to a future need for specialist homes suited to older people and affordable units for newly forming households.
- 1.17 The growth in one person and couple households is forecast to account for a large proportion of overall growth throughout 2021 to 2035. It is reasonable that the substantial proportion of development in WTC should address their needs.
- 1.18 Trends in household composition suggest there is a requirement for smaller 1- and 2- bedroom homes with higher density developments in urban settlements. WTC is well suited to meeting demand from these households.

## Market Signals

- 1.19 Woking's median house prices have increased by 191% between 2001 and 2021, which is higher than Guildford, Runnymede, and the South East region.
- 1.20 Median rents in Woking are higher than the South East region and the national average, with rents in WTC similar to all regions in the HMA.
- 1.21 Incomes in Woking and WTC have risen by 21% and 23% respectively between 2012 and 2018, which is the highest out of the councils in the Local HMA. That said, house prices have risen at a significantly faster pace over the same period.
- 1.22 Among the councils in the Local HMA, WTC and Woking have the highest levels of overcrowding and the lowest vacancy rates, which indicates a lack of supply.
- 1.23 Woking's location places it within easy reach of a large labour market including London, Southampton and Guildford as well as Woking itself. The number of new enterprises in Woking has increased at a faster pace than the national average, the South East region, Guildford, and Runnymede between 2011 and 2021.
- 1.24 Nearly a quarter of Woking's workforce is employed in the professional, scientific & technical sectors, which is significantly higher than the national average and the South East region. Furthermore, the information and communication sector also employs a significant percentage of the workforce, greater than the HMA.
- 1.25 WTC and Woking are also ranked as one of the least deprived 40% and 20% of areas respectively in England.
- 1.26 Due to Woking's strong employment opportunities in high-value sectors and their position on the IMD, it is a desirable place to live. Woking is also showing signs of being an over-heated housing market.

- 1.27 A sharp decrease in home relocation flows is observed during the national lockdown measures of the Pandemic across the Local HMA. However, relocation flow has recovered after the situation has been stabilized and the lockdown was lifted.
- 1.28 During the Pandemic, WTC households tend to relocate towards rural areas rather than urban centres within the Local HMA.

### Build out rate

- 1.29 In line with the original report, it is necessary to disaggregate the proposed development set out in the WTCSDS into different tenures to identify an achievable overall trajectory. This requires identifying assumptions relating to the BOR of each of these tenures. The tenures identified in the WTCSDS are,
- market/affordable sale;
  - market rent; and
  - affordable rented housing.

### **Market/affordable sale**

- 1.30 A “guide” BOR derived from the pace at which homes have been delivered on sites completed in the Local HMA in recent years has been used to test the feasibility of the trajectory of sites bringing forward for-sale development in the WTCSDS. The “guide” BOR provides the following assumptions:
- a realistic BOR for developments of the market and affordable sale dwellings in WTC is 47 dwellings per annum (dpa) for a brownfield site of 100-999 units;
  - this increases to 79 dpa for a brownfield site of 1000-1499 units.
- 1.31 Applying the “guide” BOR to sites bringing forward for-sale development in the WTCSDS has resulted in the projected rate of delivery of market and affordable sale dwellings being adjusted substantially.

- 1.32 Also, the evidence suggests there is a risk of over-supply of flats in WTC in the event too many for-sale schemes come forward at the same time. In this scenario, individual developers may reduce BOR to protect their margins.
- 1.33 To address this scenario, a cap of 180 for-sale units being delivered in any one year is applied to the forward trajectory.<sup>1</sup>
- 1.34 Based on these assumptions, the revised trajectory for the market and affordable sale component of the WTCSDS is set out below.

**Table 1: Adjusted BOR of market/affordable sale dwellings**

Site Ref & Information				Actual / Expected Trajectory																		
Site name / address	Net Capacity (housing units)	Site size	Start year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Royal Mail Depot	200	100-499 units	2022/23	0	38	32	32	27	8	7	7	7	7	7	7	7	7	7	0	0	0	0
Ex Station Car Park	260	100-499 units	2025/26	0	0	0	0	18	20	22	22	22	22	22	22	15	15	15	15	15	15	0
New Central Extension	400	100-499 units	2021/22	47	38	32	32	27	31	35	35	22	22	22	22	22	13	0	0	0	0	0
Police Station/Magistrates court	600	500-999 units	2022/23	0	38	32	32	27	31	38	38	43	43	43	43	43	47	47	47	7	0	0
Goldsworth Road	1205	1000-1499 units	2022/23	0	65	53	53	45	53	57	57	65	65	65	65	74	78	79	79	79	79	79
Planets/Rat & Parrot	116	100-499 units	2024/25	0	0	0	0	9	11	13	13	14	14	14	14	12	1	0	0	0	0	0
Church Gate	180	100-499 units	2023/24	0	0	32	32	27	26	7	7	7	7	7	7	7	7	7	1	0	0	0

Source: GLH calculation of WBC data

<sup>1</sup> The suggestion here is not that WBC impose a cap, but that for the purposes of identifying an over-arching trajectory a limit, determined by market forces, is assumed.

## **Market rent/affordable rented housing**

### **Market rent**

1.35 To arrive at the BOR for Market Rent (build to rent) dwellings GL Hearn has examined the evidence from demand and supply balance; market signals; and responses to the market survey to form a blended judgement.

#### *1. Demand and supply balance*

1.36 The substantial growth of households living in the PRS in WTC has been observed over the 2001-2011 period (increased 135%). This accounts for 23% of PRS growth in the Borough as a whole. The proportion of WTC households living in PRS dwellings in the past ten years (2011-2021) is expected to achieve a higher level.

1.37 It has been observed that rents are rising in WTC. Also, the rate of increase is significantly higher than other councils in the Local HMA. This indicates the housing demand for rental dwellings has been increasing in recent years.

1.38 Woking is close to large labour markets in which new enterprises have emerged rapidly in recent years. Also, a large proportion of the workforce is employed in sectors that require highly skilled professionals.

1.39 Market signals indicate high demand in the rental market. Based on the household growth trends of WTC, demand is expected to grow in future years.

1.40 Given the strong demand for rental properties, PRS dwellings can be delivered relatively quickly. A benefit of this will be to stabilise rents in the short term and suppress rapid increases in the coming years.

1.41 Lastly, the household income of WTC and the wider Borough have been increasing in recent years. The rate of growth is the highest among the other councils in the Local HMA. Assuming this growth continues, rental affordability will improve but it may also feed through to high demand for BTR dwellings.

*ii. Market Survey*

1.42 The letting agents that responded to the survey show a consensus that rents in WTC are increasing. They state that the rents will either be stable or continue to rise over the next twelve months. That said, they are uncertain as to the longer-term since it is subject to various factors (BREXIT policy, Covid-19 condition, Interest rate, etc.).

1.43 In the short term, trends in rents are likely to reassure developers that their viability modelling is unlikely to be compromised by a strong pipeline of supply. Also, a large proportion of the rental demand comes from young families or working professionals with a need for a range of sizes of homes. The diversity of rental demand this implies, ranging from 1-bedroom to 3-bedroom of homes, will reduce the risk of over-supply.

1.44 The developers that responded to the survey are planning to deliver 57% of “Build for Sale” and 33% of “Build to Rent” (BTR) dwellings in their development pipeline, of which most will be flats. Although the proportion of PRS dwellings in the WTCSDS is less than the market sales homes, most developers have found brownfield sites in Woking attractive for delivering BTR housing.

1.45 The WTCSDS sites are mostly brownfield. Given the high demand for rented dwellings in the area, developers that responded to the survey consider these sites to be attractive for BTR development.

1.46 Bringing demand and supply balance, market signals and the market survey evidence together, this report finds there is strong demand for rented properties in WTC. This suggests the BOR forecast in the WTCSDS is realistic for BTR development.

1.47 The table below sets out the BOR for sites of Market Rent dwellings.

**Table 2: Adjusted BOR of Market rent dwellings**

Site Ref & Information				Actual / Expected Trajectory																		
Site name / address	Net Capacity (housing units)	Site size	Start year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Station Plaza	130	100-499 units	2025/26					33	44	44	8											
The Triangle	105	100-499 units	2023/24			26	45	34														
BHS Residential/Commercial	130	100-499 units	2022/23		11	44	44	31														
Concord/Griffin House	130	100-499 units	2023/24			16	65	49														
Planets/Rat & Parrot	216	100-499 units	2024/25				6	139	71													

Source: GLH calculation of WBC data

### Affordable rent

1.48 As with PRS dwellings, demand and supply balance, market signals and the market survey evidence are analysed to arrive at the likely BOR position for affordable rent homes.

#### *i. Demand and supply balance*

1.49 WTC accounts for a high share of the Affordable Housing, indicating the suitability of the Town Centre as a location for additional Affordable Housing units.

1.50 However, over the period 2011 to 2020, Affordable Housing has comprised 17% of the total delivery at the Borough level. This delivery level does not achieve the Council's current policy of 35% delivery of Affordable Housing on qualifying schemes.

1.51 Given the suitability of WTC to the provision of Affordable Homes and the lack of new provisions highlights the importance of bringing forward development in WTC.

1.52 In terms of demand, there is likely to be a very high demand for Affordable Housing since this type of accommodation is below market rates.

ii. *Market survey*

- 1.53 As letting agents indicated, rents in Woking may increase in the coming year by between 5% to 10%. This suggests that increasing numbers of households may fall in need of Affordable Homes in future.
- 1.54 Given the availability of grant funding, planning consultants and developers have commented that brownfield sites are suitable for providing social housing for rent. The difficulties that developers are concerned about are the availability of land or the viability of sites.
- 1.55 Given the market condition and the affordability issues indicated by the market survey responses, the BOR forecast in the WTCSDS is realistic for affordable rental housing development.

**Table 3: Adjusted BOR of Affordable rent dwellings**

Site Ref & Information				Actual / Expected Trajectory																			
Site name / address	Net Capacity (housing units)	Site size	Start year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	
Ex Station Car Park	140	100-499 units	2025/26					32	42	30	21	16											
Station Plaza	70	100-499 units	2025/26					18	24	24	5												
St Dunstan's Phase 3	150	100-499 units	2022/23		19	76	55																
The Triangle	195	100-499 units	2023/24			48	96	51															
BHS Residential/Commercial	70	100-499 units	2022/23		6	24	24	16															
Concord/Griffin House	70	100-499 units	2023/24			9	35	26															
Thameswey Poole Road	120	100-499 units	2022/23		80	40																	

Source: GLH calculation of WBC data

What trajectory is achievable?

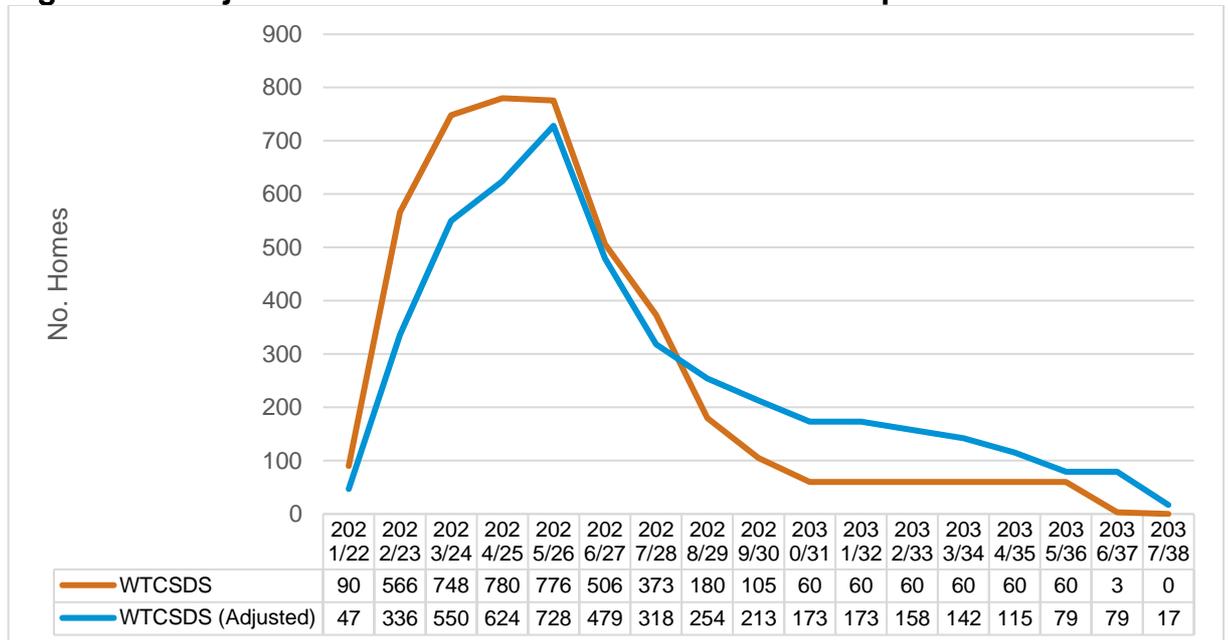
- 1.56 Bringing the evidence together, the revised trajectory for the WTCSDS is set out below. This provides a comparison between the current trajectory (the orange line) set out in WBC's housing trajectory with the revised trajectory reflecting the market evidence put forward in this study (the blue line). The latter set outs what, in the opinion of GL Hearn, is an achievable trajectory for the sites in the WTCSDS.

- 1.57 It is notable that the revised trajectory is substantially flatter than the current trajectory, with a revised peak of 728dpa achieved in 2025/26 (compared with 780 dpa achieved in 2024/25 in the current trajectory). This is principally due to concerns about the ability of the Local HMA to absorb for-sale homes at the rate envisaged in the WTCSDS trajectory.
- 1.58 It is worth noting that the revised trajectory still delivers 51% of total the capacity of the WTCSDS sites in the period 2021/22-2025/16 (five years) and 87% in the period 2021/22 – 2031/22 (ten years).
- 1.59 The revised trajectory, therefore, retains the rapid build-out of rented tenures but foresees a slower release of for-sale units into the market. In developing this trajectory it has been important to be mindful that the rates of development in the revised trajectory are still unprecedented in WTC.
- 1.60 That said, over the period of 2012 to 2021, the compound annual growth rate<sup>2</sup> (CAGR) in Woking has been relatively slow compared with the average for England and the HMA as a whole. However, the case in Woking Town Centre shows a higher CAGR of 2.41% compared with 0.72% in the wider HMA, a difference of some 330%.
- 1.61 Therefore, given the housing market dynamics identified in this report, it is reasonable to conclude that the rate of delivery of homes in WTC would remain at this substantial level in future years in the event the supply of development land were strengthened. This has been achieved in comparable town centre locations, such as Wembley, Croydon and Stratford, as identified in this report.

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<sup>2</sup> The CAGR of homes delivered shows the average annual rate of growth of new homes in a given geography between two points in time. It allows comparisons to be drawn in growth rates between a number of geographies of different scales.

**Figure 1: Adjusted BORs based on the WTC site development schedule**



Source: WBC, GLH calculation

### Viability

- 1.62 High level financial appraisals have been re-run based on the same tenure mix as reported previously with updated build costs, market value and market rent assumptions.
- 1.63 The housing market has seen an increase in values for some unit types particularly those with their own outside space, which can be adapted easily to working from home in the changed work environment that we have seen since the start of the pandemic. Town centre flats which don't offer these facilities have been disproportionately affected with lower values than those reported at the date of the original report.
- 1.64 Build costs have seen high rises due to the world-wide demand for materials following the various lock downs and shortages in both materials and labour. This has affected the viability of some of the Sites.

- 1.65 Market rents have generally increased and this has helped with the viability of a number of the Sites compared to all sale Sites which have seen build costs and property values leading to reductions in land values.

## 2 INTRODUCTION

### Purpose

- 2.1 This study (the Woking Town Centre Housing Market Analysis Update, HMAU) aims to update the original study produced by GL Hearn in 2019 “Woking Town Centre Housing Market Analysis”.
- 2.2 To this end, this study produces a revised assessment as to whether housing market dynamics in Woking Town Centre (WTC) and its wider catchment area displays the strength and underlying trends that will support the delivery of development in terms of volume, mix and build-out rate as envisaged in the Woking Town Centre Site Development Schedule (WTCSDS).

### Evidence gathered

- 2.3 The HMAU assesses the trends in supply and demand indicators within the Local HMA over the period 2021-2035 to arrive at an understanding of the balance between demand and supply for homes in this geography and WTC specifically.
- 2.4 In the preparation of this report, GL Hearn has therefore assembled and reviewed the following data sources:
  - housing stock;
  - baseline and projected demographic data (e.g. Census, Internal migration, travel to work, household projections);
  - market signals (e.g. house prices, rents, income, affordability ratio);
  - past completions from the Local HMA from which to derive BOR statistics;
  - consultation with developers, market sale and letting agents operating in Woking; and
  - case studies from other major Town Centre development projects (Croydon, Stratford, Wembley and Guildford).

- 2.5 Also, the principal macro-trend that has influenced housing market dynamics across the country since the original report was written, including Woking and the Local HMA, is the COVID-19 Pandemic (the Pandemic). Therefore, the impact of the Pandemic on housing market trends in WTC is considered.

### Report structure

- 2.6 First, this study ensures the correct geography of the Borough is being used to understand the market analysis for WTC set out in the report. To confirm the Housing Market Areas (HMA), exercises following the PPG guidance are undertaken.
- 2.7 **Chapter 4- Demand and Supply Balance;** this chapter provides an overview of the current supply of homes and the factors driving demand, drawing on demographic projections over the period to 2035 for the Local HMA. Different “market signals” are analysed
- 2.8 **Chapter 5 – Market Signals;** this chapter analyses key indicators to provide a better understanding of housing market dynamics in WTC.
- 2.9 **Chapter 6 – Build Out Rates;** this chapter sets out the achievable build-out rates (BOR) for sites within the Woking Town Centre Site Development Schedule (WTCSDS). This is done by assessing historic BOR from completed sites within the relevant geography.
- 2.10 **Chapter 7 – Housing Market Survey;** apart from quantitative analysis, GLH has prepared questionnaires or short phone-call interviews to consult with property agents, housebuilders and planning consultants that operate in the HMA. This qualitative assessment aims to gather first-hand evidence and understand the respondents’ interest to bring forward developments.

- 2.11 **Chapter 8 – Woking Town Centre Trajectory;** by bringing together the evidence assembled from previous chapters, the chapter “Woking Town Centre trajectory” sets out an achievable trajectory for the sites included in the WTCSDS.
- 2.12 **Chapter 9 – Affordable Housing Provision;** in the final chapter the proposed Affordable Housing provision for the WTC sites has been reviewed to determine if the provision of Affordable Housing remains achievable.

### **3 HOUSING MARKET AREA**

- 3.1 The last time the Housing Market Area into which Woking falls was considered was as part of the 2015 West Surrey Strategic Housing Market Area (WS\_SHMA). This concluded that Woking fell into an HMA comprising Guildford and Waverley.
- 3.2 The purpose of the WS\_SHMA is different from this report given that it sought to provide a starting point to understand housing needs within a defined geography. The HMA section of this report, conversely, is to identify a suitable catchment area for dwellings in Woking Town Centre (WTC).
- 3.3 For this reason, while the research method is comparable, this study arrives at geography that is defined by the economic linkages the Woking shares with other local authority areas. This allows a robust study area for the project and appropriate comparators to be established.
- 3.4 The use of comparators is required in order to demonstrate that the report's findings are balanced and reasonable. Comparator geographies include the Borough, the South East region and the HMA (broken down to the local authorities within Woking's HMA).

## Research method

3.5 This report makes use of PPG relating to how HMAs can be defined. The guidance was updated in March 2019. The relevant extracts are set out below and inform the approach adopted in this report.

*“A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. These can be broadly defined by analysing:*

- *The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas that have different price levels compared to surrounding areas.*
- *Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).*
- *Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).”<sup>3</sup>*

3.6 Conclusions as regards the HMA should reflect a judgement taking the evidence of these three inputs into account.

3.7 In particular, this should note the level of “self-containment”. This is the degree to which internal migration (domestic house-moves) and commuting journeys take place within the proposed HMA.

3.8 This is justified by principles of sustainable development that suggest that, firstly, there should exist enough choice in the housing market for the great majority of households to find a home suited to their needs within it and, secondly, they are able to access employment within this geography.

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<sup>3</sup> PPG (Plan-making) Ref ID: 61-018

- 3.9 The WS\_SHMA summarises research published by the Government on the geography of HMAs in 2010. This identified three tiers of HMAs,
- Strategic (Framework) Housing Markets – based on 77.5% commuting self-containment;
  - Local Housing Market Areas – based on 50% migration self-containment; and
  - Sub-Markets – which would be defined based on neighbourhood factors and house types.
- 3.10 The research also concluded that on a practical basis it is appropriate to define HMAs on the basis of local authority boundaries.

### Internal migration Flows

- 3.11 When considering the geography of housing markets, internal migration flows are a key factor as they reflect households' movements between different areas. Using ONS statistics, the flows between relevant local authority areas have been identified.
- 3.12 ONS internal migration statistics use a combination of three administrative data sources: the NHS Patient Register, the NHS Central Register, and Higher Education Statistics Agency data.
- 3.13 The statistics relating to movements between Woking and other relevant authorities have been analysed over the period 2016 to 2020. Both gross and net migration flow has been considered.
- 3.14 In general, the data shows that internal migration between Local Authority (LA) areas that border, or are close to, one another are stronger than those areas that are further apart. This reinforces the logic of the HMAs as unified geography. The scale of the flows is, however, influenced by the population of the areas, with larger urban/metropolitan authorities having greater flows than smaller/rural authorities.

- 3.15 Taking this into account, the population of LAs have also been considered, with the migration flow comparison expressed as the number of moves per 1,000 population. This is to standardise the scale of movement between larger and smaller population areas so accurate comparisons can be made.
- 3.16 The table below displays gross and net migration flows between Woking and other councils to identify those councils with which Woking shares strong internal migration relationships. It also contains the average combined population of the 2 LAs in question. A ranking has then been drawn up based on the gross flow per 1,000 population. This has been calculated by dividing the average combined population by the gross flows per annum.
- 3.17 The list below was chosen based on LAs in Surrey, Greater London, and the Southeast that had the greatest migration flows.
- 3.18 Net migration flows are the balance of inflows and outflows between the two authorities in question with a positive figure showing that more people have moved from LA1 to LA2 than in the other direction.
- 3.19 That said, for this assessment, given that we are seeking to understand the level of self-containment within a given geography, our focus is on the gross flow per annum/1,000 of the population.
- 3.20 The data shows there exists a tight internal migration relationship between outer London Boroughs of Richmond and Hounslow and LAs in the South East.

**Table 4: Average combined migration flows, 2016-2020**

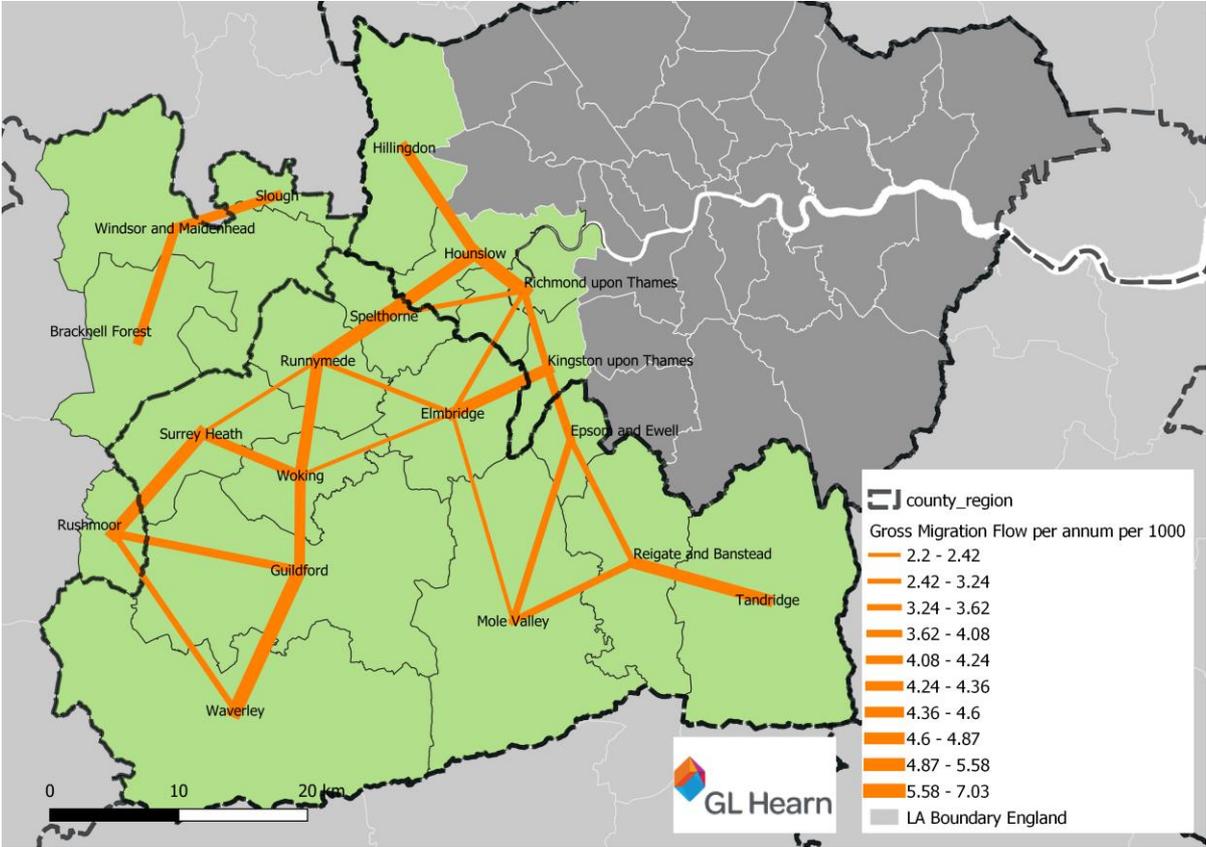
Local Authority (1)	Local Authority (2)	Avg. combined population (in 000s, 2016-2020, aggregated)	Gross flow per annum 2016-2020	Gross flow per annum / 1,000 pp	Net flow per annum (L1 to L2)	Net flow per annum / 1,000 pp
Guildford	Waverley	273.99	1927.49	7.03	434.77	1.59
Hounslow	Richmond upon Thames	467.07	2850.49	6.10	376.76	0.81
Spelthorne	Runnymede	187.61	1058.06	5.64	325.29	1.73
Surrey Heath	Rushmoor	184.18	1016.61	5.52	64.36	0.35
Hounslow	Spelthorne	369.70	1861.76	5.04	1021.28	2.76
Kingston upon Thames	Elmbridge	312.71	1521.68	4.87	486.76	1.56
Reigate and Banstead	Tandridge	235.08	1083.91	4.61	10.24	0.04
Runnymede	Woking	189.10	871.48	4.61	21.67	0.11
Woking	Guildford	249.28	1143.09	4.59	110.40	0.44
Hounslow	Hillingdon	574.88	2529.10	4.40	304.56	0.53
Woking	Surrey Heath	189.87	828.41	4.36	327.92	1.73
Windsor and Maidenhead	Bracknell Forest	272.39	1182.15	4.34	293.58	1.08
Slough	Windsor and Maidenhead	299.63	1270.87	4.24	545.83	1.82
Kingston upon Thames	Epsom and Ewell	256.09	1084.48	4.23	371.14	1.45
Guildford	Rushmoor	243.58	1030.58	4.23	119.72	0.49
Richmond upon Thames	Kingston upon Thames	372.87	1520.14	4.08	233.57	0.63
Reigate and Banstead	Mole Valley	234.77	896.70	3.82	98.61	0.42
Epsom and Ewell	Mole Valley	167.29	613.15	3.67	237.22	1.42

Local Authority (1)	Local Authority (2)	Avg. combined population (in 000s, 2016-2020, aggregated)	Gross flow per annum 2016-2020	Gross flow per annum / 1,000 pp	Net flow per annum (L1 to L2)	Net flow per annum / 1,000 pp
Epsom and Ewell	Reigate and Banstead	227.48	809.52	3.56	241.91	1.06
Rushmoor	Waverley	220.83	775.07	3.51	0.37	0.00
Elmbridge	Runnymede	224.82	729.45	3.24	173.37	0.77
Richmond upon Thames	Elmbridge	333.41	910.14	2.73	442.57	1.33
Richmond upon Thames	Spelthorne	296.19	728.97	2.46	321.96	1.09
Runnymede	Surrey Heath	177.17	423.06	2.39	193.03	1.09
Elmbridge	Woking	237.52	547.76	2.31	209.13	0.88
Elmbridge	Mole Valley	223.91	492.45	2.20	198.80	0.89

Source: ONS [datasets 1 & 2](#), 2016-2020

- 3.21 This analysis demonstrates that the strongest relationship is between Guildford and Waverley, with a gross flow per 1,000 of the population of 7.03 per annum, with other strong relationships existing between Hounslow and Richmond upon Thames, and between Spelthorne and Runnymede.
- 3.22 In the Borough of Woking, the strongest migration relation is between Runnymede and Woking, with a gross flow per 1,000 of the population of 4.61 per annum. However, Runnymede also has strong links to Spelthorne.
- 3.23 Woking also has strong relationships with Guildford, with a gross flow per 1,000 of the population of 4.59. It must be noted, however, that Guildford's strongest relationship is with Waverly.

**Figure 2: Gross migration flows per annum per 1,000 of population, 2016-2020**



Source: ONS [datasets 1 & 2](#), 2016-2020

3.24 The table below focuses on those the LAs with which Woking has the strongest migration relationships. The three strongest relationships (where Woking shares a gross flow per annum of between 4 and 5 per 1,000 people) are Runnymede, Guildford and Surrey Heath. Woking also has a relationship with Elmbridge, but this is weaker than for these other councils at 2.31 per 1,000 people.

**Table 5: Average combined migration flows, Woking, 2016-2020**

Local Authority (1)	Local Authority (2)	Avg. combined population (in 000s, 2016-2020, aggregated)	Gross flow per annum 16-20	Gross flow per annum / 1,000 pp	Net flow per annum (L1 to L2)	Net flow per annum / 1,000 pp
<b>Runnymede</b>	<b>Woking</b>	189.10	871.48	<b>4.61</b>	21.67	0.11
<b>Woking</b>	<b>Guildford</b>	249.28	1143.09	<b>4.59</b>	110.40	0.44
<b>Woking</b>	<b>Surrey Heath</b>	189.87	828.41	<b>4.36</b>	327.92	1.73
<b>Elmbridge</b>	<b>Woking</b>	237.52	547.76	<b>2.31</b>	209.13	0.88

Source: ONS [datasets 1 & 2](#), 2016-2020

- 3.25 Strong relationships also exist between LAs that do not include Woking. For example, Guildford and Waverley, Hounslow and Richmond upon Thames, and Spelthorne and Runnymede.
- 3.26 Furthermore, the Home Movers data are assessed from the Royal Mail post sector records from 2016 to 2021. This provides up-to-date intelligence for confirming the domestic migration flow at a disaggregated level. This data is used to assess the self-containment level of an assumed HMA comprising Woking, Runnymede and Guildford.
- 3.27 Based on the Royal Mail data, there are a total of 35,987 home movers from/to the selected local authorities (Woking, Runnymede and Guildford) registered in the database during the period. Within this, the relocation flow based on post sectors within the three Boroughs contains 17,459 home movers. This figure indicates a self-containment level within this geography of 49%. This is consistent with the existence of a Local HMA.

### Travel to Work

- 3.28 The most recent commuting data available is the Annual Population Survey drawn from the Census 2011. While this data is, arguably, historic, the patterns it describes are likely to remain robust given that the spatial relationships that determine travel to work patterns (excepting shocks, such as the current Pandemic) change slowly over time as a result of infrastructure upgrades and shifts in functional economic geographies. It is, therefore, reasonable to use this as a guide as to commuting trends in Woking in 2021.
- 3.29 As shown in the table below, based on this data, 35% of all commuting journeys in Woking take place inside the Borough. The second-largest centre of employment is Guildford, which accounts for 11% of commuter journeys.
- 3.30 It is also worth noting that Westminster and the City of London together account for 8% of commuting journeys. This illustrates the degree to which Woking is integrated with some London Boroughs. The table below illustrates the commuter flows from Woking, Guildford, and Runnymede into all London Boroughs. In Woking, 22% of all commutes are to London.

**Table 6: Relationship with London Boroughs, commuting flows, 2011**

	Woking	Guildford	Runnymede
<b>Flows into London</b>	9,207	8,967	7,979
<b>Total commuter flows</b>	41,300	55,243	32,553
<b>% of total</b>	22%	16%	25%

Source: Census table WF01BEW, 2011

- 3.31 The below table displays the LAs with the strongest commuting relationships with Woking.

**Table 7: Commuter journeys from Woking, 2011**

LA	No. of commuters	% of total
<b>Woking</b>	14,093	29%
<b>Guildford</b>	4,626	10%
<b>Westminster, City of London</b>	3,273	7%
<b>Runnymede</b>	2,957	6%
<b>Elmbridge</b>	2,831	6%
<b>Surrey Heath</b>	1,362	3%
<b>Total</b>	<b>29,142</b>	<b>60%</b>

Source: Census table WF01BEW, 2011

- 3.32 Excluding the City of Westminster, the self-containment level for an HMA comprising Woking, Guildford, Runnymede, Elmbridge, and Surrey Heath is 54%. That said, it is notable that commuting journeys to Surrey Heath are relatively weak at 3% of all journeys.
- 3.33 This report has not identified a strong direct relationship between Woking and Waverley. The migration relationship between Woking and Waverly is relatively weak at a gross flow per annum of 0.88 per 1,000 people. There are 707 people who travel to Waverley for work, accounting for around 2% of total commuter journeys.
- 3.34 Although there are migration and commuting relationships between Woking and Waverly, it is not strong enough to be considered as part of the catchment area for homes in Woking.

### Impact of the Pandemic

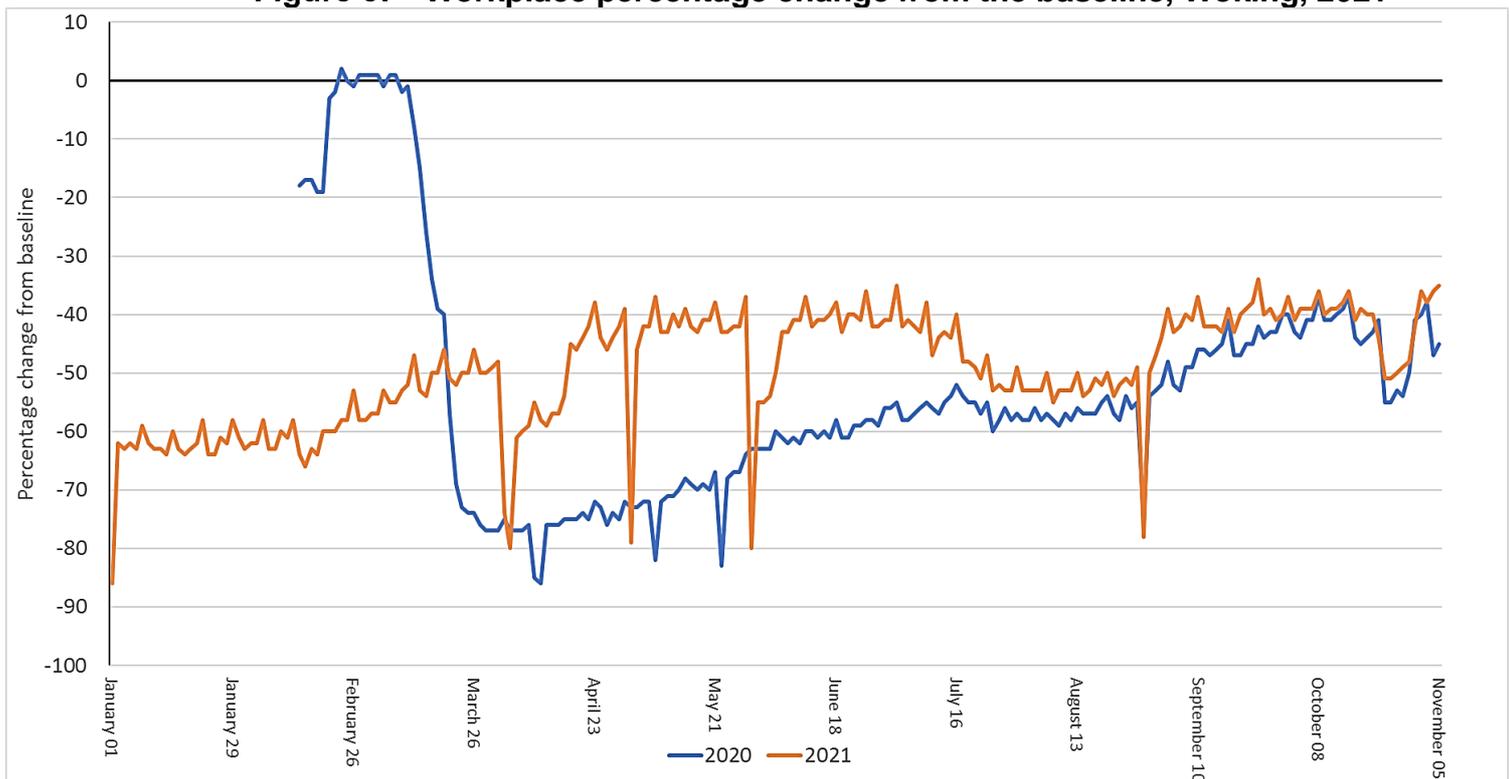
- 3.35 As noted, the shock of the Pandemic has precipitated a change to the travel to work patterns of people across the country, and this is no less true for Woking.
- 3.36 The figure below, drawing from Google’s COVID-19 mobility reports, sets out how the Pandemic has impacted travel to work patterns in Woking. It displays the percentage change in commuting levels during 2020 and 2021 from a baseline representing a normal day in Woking before the Pandemic<sup>4</sup>.

<sup>4</sup> The baseline day is calculated as the median value from the five-week period from January 3<sup>rd</sup> to February 6<sup>th</sup>, 2020.

3.37 It shows that the number of people travelling to their workplace in 2021 dropped by 38% on average in Woking compared to the pre-pandemic era. This is an increase from 2020 which saw an average decrease of 45%. Although the trends suggest that workers are returning to their workplaces, November 2021 still recorded 35% below pre-pandemic levels.

3.38 At the time of writing it is not possible to predict whether travel to work patterns will return to those seen in early 2020. It is likely, however, that patterns will have shifted permanently to some degree. The implication for Woking's HMA is a tightening of boundaries as a result of more households spending a larger share of their working week working from home than was the case in the pre-pandemic era.

**Figure 3: Workplace percentage change from the baseline, Woking, 2021**



Source: [Google Community Mobility Report](#), Woking, 2020 and 2021

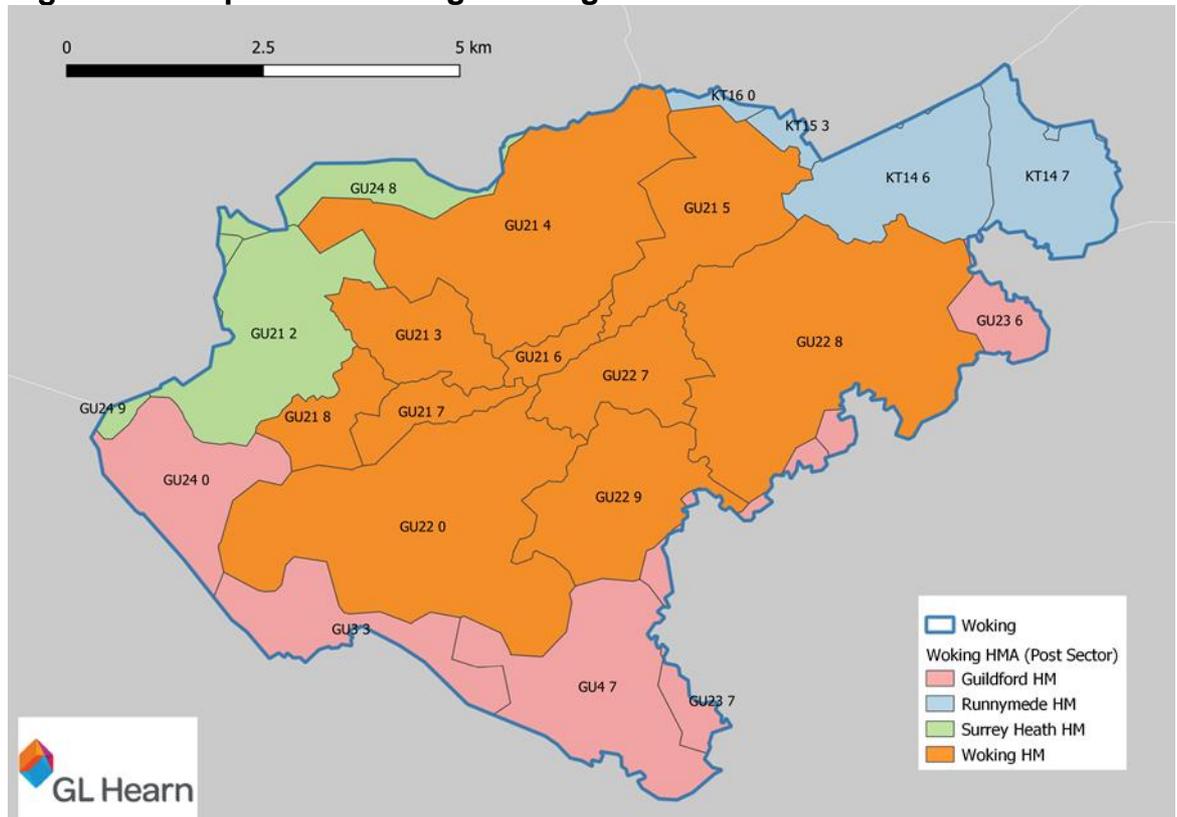
- 3.39 The data relating to travel to work shows that, while total commuting journeys between Woking, Guildford, Runnymede, Elmbridge and Surrey Heath amount to less than 70%, the commuting linkages remain significant. While not enough to support the existence of a Strategic HMA it is enough to support a Local HMA.
- 3.40 The Pandemic will have resulted in fewer journeys to work. That said, the principal change will have been travel into the capital. This is likely to reinforce, rather than weaken, the logic of an HMA comprising these five council areas given that it will have increased the travel to work self-containment level.
- 3.41 Bringing the evidence together relating to internal migration and travel to work, this points to a Local HMA consisting of Woking, Guildford and Runnymede. This is set out in the map below.

**Figure 4: Map of the HMA**



3.42 The HMA in which Woking sits can also be evidenced through “Royal Mail home movers”. This records the origin and destination postcode of households moving home in England. The map below shows that the majority of households either moving in or moving out of the Borough are moving from or to Guildford, Runnymede or Surrey Heath or within Woking itself.

**Figure 5: Map of the Woking housing market**



Source: GLH Analysis of Royal Mail data (2021)

- 3.43 The map above indicates that some of the post sector areas in Woking have stronger flows in internal migration with adjacent local authorities rather than the Borough itself. However, overall, most of the post sectors within the Woking Town Centre are closely related to the Woking housing market.

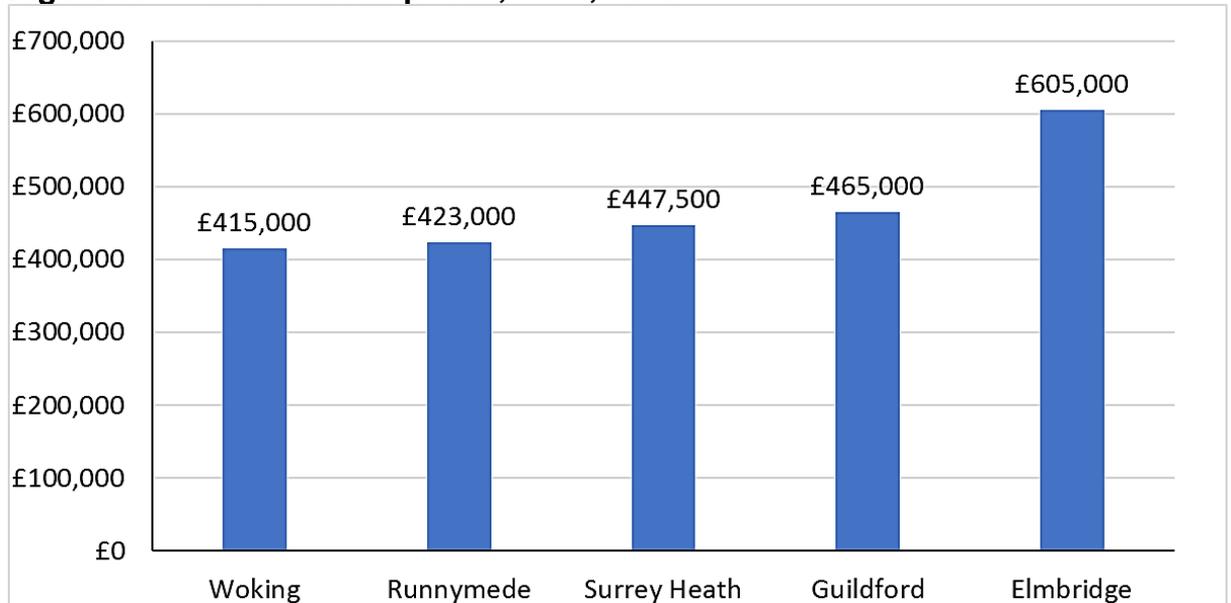
### House Prices

- 3.44 House prices indicate strength in demand and the relative attractiveness of different places. As noted above, the PPG sets out that house prices provide a 'market based' reflection of HMA boundaries.

3.45 Median house prices have therefore been gathered from ONS house price data for Woking, Guildford, Runnymede, Elmbridge, and Surrey Heath over the years 2010-2020.

3.46 House prices in 2020 for these areas identifies a clear split between Elmbridge (in which house prices are relatively high) and the other councils. In these areas, prices are broadly similar and 31% and 23% below prices in Elmbridge in Woking and Guildford respectively.

**Figure 6: Median house prices, HMA, 2020**



Source: ONS, [Table 2a](#), 2020

3.47 The table below shows how median house prices have changed between 2010 and 2020 in each of the five council areas. The greatest increase in median house prices was in Surrey Heath (63%) and Runnymede (60%). These are followed by Guildford (52%), Elmbridge (53%) and Woking (57%).

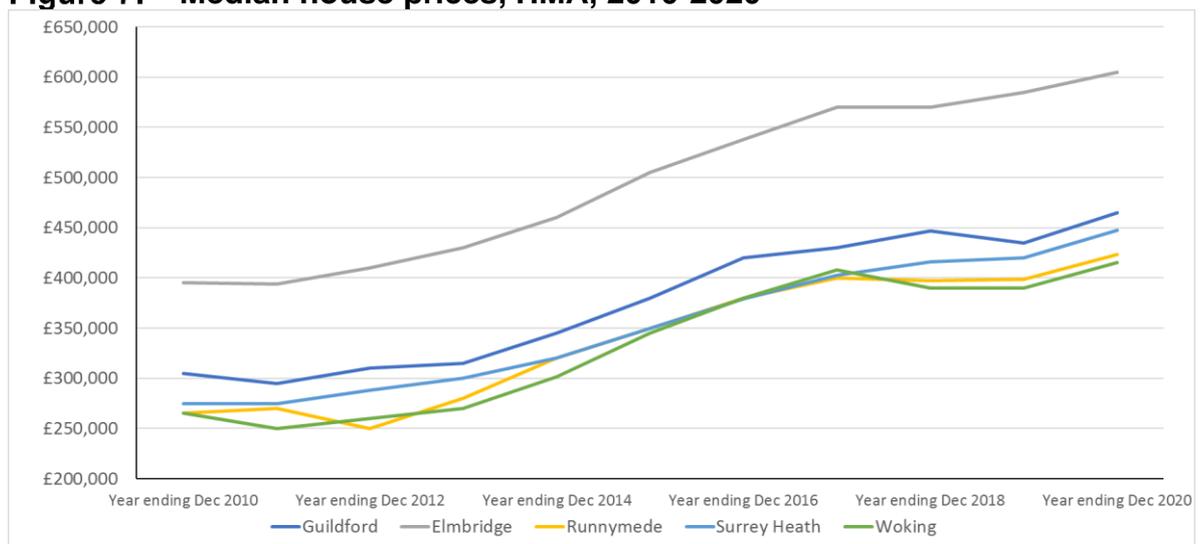
**Table 8: Median house prices percentage increases, 2010-2020**

Local authority	Year ending Dec 2010	Year ending Dec 2020	% difference
Surrey Heath	275,000	447,500	63%
Runnymede	265,000	423,000	60%
Woking	265,000	415,000	57%
Elmbridge	395,000	605,000	53%
Guildford	305,000	465,000	52%

Source: ONS, [Table 2a](#), 2010-2020

3.48 The evidence from house price data indicates that (as illustrated in the figure below), while changes in median house prices have remained broadly similar over the past decade among the five councils, house prices in Elmbridge are substantially higher than the four other council areas.

**Figure 7: Median house prices, HMA, 2010-2020**



Source: ONS, [Table 2a](#), 2010-2020

## Housing Market Area – summary

- In contrast with the 2015 West Surrey Strategic Housing Market Area (WS\_SHMA), this report seeks to understand the catchment area for new homes in Woking Town Centre. This is comparable to a “Local” HMA as defined as an area that displays 50% migration self-containment.
- In combination, internal migration and travel to work data point to a Local HMA comprising Woking, Guildford and Runnymede. Surrey Heath and Elmbridge have a weaker relationship with Woking. Travel to work and domestic migration data respectively do not support these authorities being in that same HMA as Woking.
- While travel to work data drawn from Census 2011 suggests a self-containment level of 53% within an HMA comprising Woking, Guildford and Runnymede, this is likely to have increased as a result of the Pandemic.
- The analysis of house price trends across Woking, Guildford, Runnymede, Elmbridge and Surrey Heath indicate similar trends in house prices over the period 2010-20. That said, Elmbridge has prices significantly above the other areas indicating it sits outside an HMA centred on Woking.
- To conclude, while the WS\_SHMA identified an HMA centred on Guildford would comprise Woking, Waverley and Guildford Boroughs, this study, taking as its starting point a requirement to understand the catchment area for dwellings in Woking Town Centre, has identified a Local HMA comprising Woking, Guildford and Runnymede.
- In arriving at this conclusion, it is also worth noting that WS\_SHMA identifies a “secondary relationship” between Woking and Runnymede.
- While it is acknowledged that people working in Guildford will consider living in both Woking and Waverley (the principle rationale for including Waverley within a Strategic HMA with Woking and Guildford). This report has excluded Waverley from the catchment area for new homes in Woking Town Centre given the weak direct links between Woking and Waverley.

## 4 DEMAND AND SUPPLY BALANCE

4.1 This section provides an overview of the current supply of homes and the factors driving demand. A range of “market signals” are also considered to provide a better understanding of housing market dynamics in WTC.

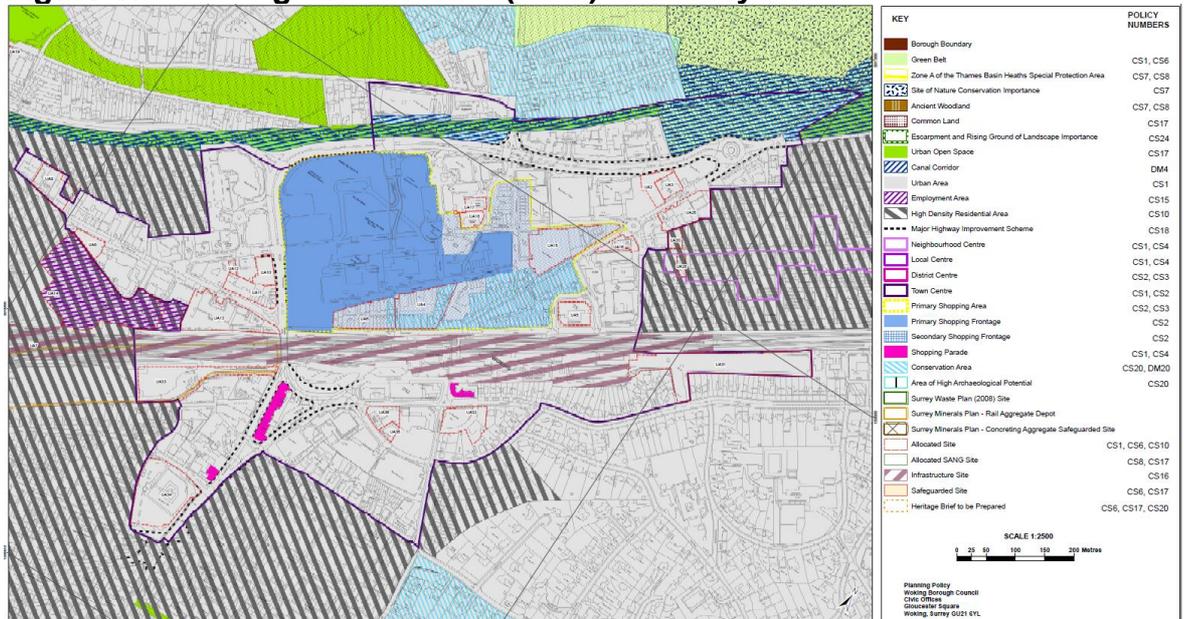
4.2 This allows an assessment of the balance between supply and demand in the area together with a judgement to be made as to whether

- the tenure mix proposed for the WTC in the WTCSDS is aligned with the demand for homes based on current market trends and trends forecast over the period to 2030 (the expected build-out period of the Town Centre sites); and
- the market for homes in Woking Town Centre is strong enough to support the number of homes envisaged.

### Woking Town Centre – data geography

4.3 According to the Local Development Scheme of Woking, the Town Centre boundary is defined as follows in the figure below.

**Figure 8: Woking Town Centre (WTC) boundary**

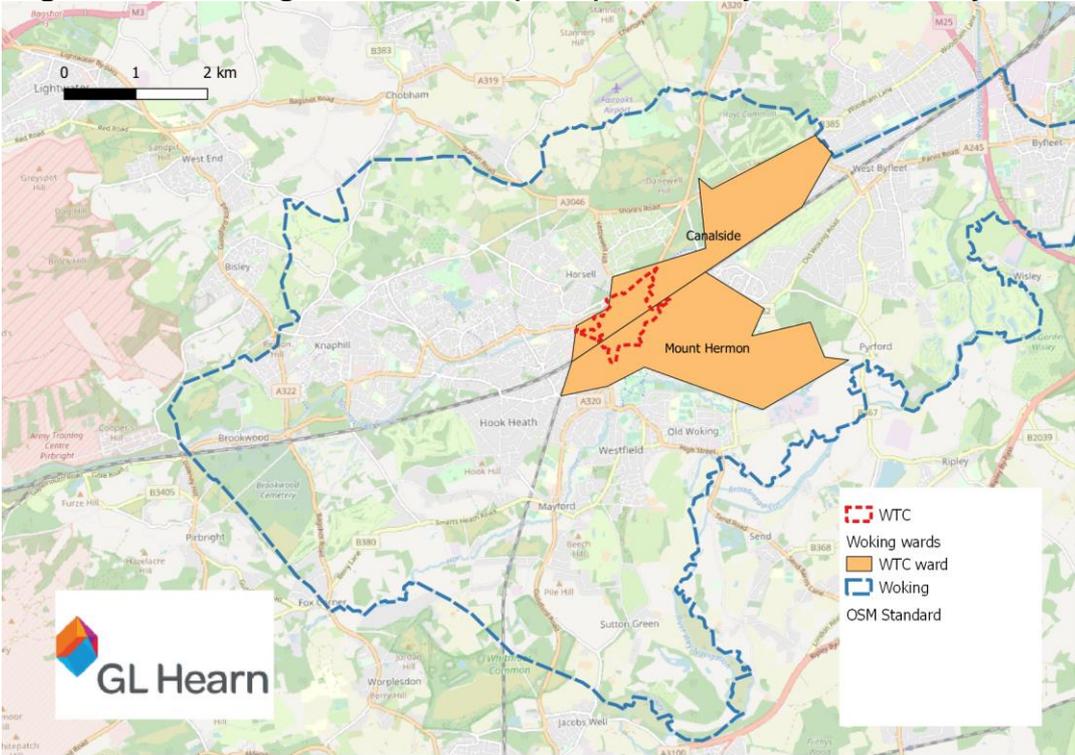


Source: [Woking Borough Council](https://www.woking.gov.uk/), October 2021



4.7 Where statistical data is not available at the OA level, the best-fit geography is at ward level. However, the ward boundaries in Woking changed in 2011. Given that data in this report is taken from years before 2011, it has been necessary to establish a data geography that represents the same geographical area of WTC made up of wards in both the before and after 2011 periods. This geography is set out below.

**Figure 10: Woking Town Centre (WTC) boundary and best-fit by wards**



Source: GLH analysis

- 4.8 Based on the latest ward boundary, the best fit geography at this level includes two wards which are Canalside and Mount Hermon.
- 4.9 In the analysis that follows, where data is available at the OA level, this is used to identify trends in WTC. Where this is not available, the ward level data is used instead.

## Housing Stock

- 4.10 In the tables below the housing stock data presented in the original report has been updated by accessing the latest data from WBC, noting both completions and how these homes break down by size and tenure. The analysis has been updated by accessing the latest data from the annual monitoring reports (AMRs) of WBC to supplement the supply-side assessment.

**Table 9: Types of dwellings delivered between 2001 and 2011**

Type	Year	WTC (OA Level)	Woking	England
Detached	2001	283	12,618	4,786,456
Detached	2011	305	12,709	5,128,552
Detached	<b>Change</b>	<b>22</b>	<b>91</b>	<b>342,096</b>
Detached	%	<b>8%</b>	<b>1%</b>	<b>7%</b>
Semi-detached	2001	295	9,443	6,713,183
Semi-detached	2011	318	9,872	7,076,395
Semi-detached	<b>Change</b>	<b>23</b>	<b>429</b>	<b>363,212</b>
Semi-detached	%	<b>8%</b>	<b>5%</b>	<b>5%</b>
Terraced <sup>5</sup>	2001	265	7,708	5,494,033
Terraced	2011	261	7,922	5,642,969
Terraced	<b>Change</b>	<b>-4</b>	<b>214</b>	<b>148,936</b>
Terraced	%	<b>-2%</b>	<b>3%</b>	<b>3%</b>
Purpose-built <sup>6</sup>	2001	796	6,580	2,967,790
Purpose-built	2011	1,627	8,689	3,854,451
Purpose-built	<b>Change</b>	<b>831</b>	<b>2,109</b>	<b>886,661</b>
Purpose-built	%	<b>104%</b>	<b>32%</b>	<b>30%</b>
Flat <sup>7</sup>	2001	174	1,459	1,212,445
Flat	2011	192	1,367	1,241,502
Flat	<b>Change</b>	<b>18</b>	<b>-92</b>	<b>29,057</b>
Flat	%	<b>10%</b>	<b>-6%</b>	<b>2%</b>
Caravan or other <sup>8</sup>	2001	0	135	88,918
Caravan or other	2011	3	132	100,228
Caravan or other	<b>Change</b>	<b>3</b>	<b>-3</b>	<b>11,310</b>
Caravan or other	%	<b>N/A</b>	<b>-2%</b>	<b>13%</b>
<b>Total</b>	<b>N/A</b>	<b>893</b>	<b>2,748</b>	<b>1,781,272</b>

Source: Census 2001 and 2011, Table [QS402EW](#)

- 4.11 The data indicates WTC accounted for a substantial share of the flatted developments in the Borough between 2011 to 2021. Over the period, WTC has observed 831 new flats built in purpose-build blocks or a 104% uplift. This is substantially higher than the Borough level of 32%, or 2,109 new flats.

<sup>5</sup> Including end-terrace

<sup>6</sup> Purpose-built block of flats or tenement

<sup>7</sup> Including part of a converted or shared house and commercial buildings

<sup>8</sup> Caravan or other mobile or temporary structure

4.12 In terms of net new homes, the Borough has delivered 2,748 new dwellings over the period, of which 33%, or 893, were delivered in WTC.

4.13 The table below presents data relating to the supply of dwellings delivered in WTC, the Borough and England broken down to a number of habitable rooms. The definition of a room in this context does not include bathrooms, toilets, halls or landings, or rooms that can only be used for storage. All other rooms, for example, kitchens, living rooms, bedrooms, utility rooms, studies and conservatories are counted.<sup>9</sup> In the section that follows, 'dwelling sizes' are assumed to translate as follows:

- 1 room = bedsit
- 2 rooms = flat/house with one bedroom and a reception room/kitchen
- 3 rooms = flat/house 1 or 2 bedrooms and one reception room and/or kitchen
- 4 rooms = flat/house with 2 bedrooms, one reception room and one kitchen
- 5 rooms = flat/house with 3 bedrooms, one reception room and one kitchen
- 6 rooms = house with 2 bedrooms and 2 reception rooms and a kitchen, or 3 bedrooms and one reception room and a kitchen
- 7+ rooms = house with 3, 4 or more bedrooms

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<sup>9</sup> <https://www.nomisweb.co.uk/census/2011/qs407ew>

**Table 10: Sizes of dwellings delivered between 2001 and 2011**

Rooms	Years	WTC (OA level)	Woking Borough	England
All	2001	1,710	36,941	20,451,427
All	2011	2,716	39,467	22,063,368
All	Change	<b>59%</b>	<b>7%</b>	<b>8%</b>
1 room	2001	41	329	181,503
1 room	2011	51	230	172,008
1 room	Change	<b>24%</b>	<b>-30%</b>	<b>-5%</b>
2 rooms	2001	150	1,126	516,355
2 rooms	2011	278	1,315	641,307
2 rooms	Change	<b>85%</b>	<b>17%</b>	<b>24%</b>
3 rooms	2001	344	3,763	1,880,512
3 rooms	2011	737	4,459	2,264,602
3 rooms	Change	<b>114%</b>	<b>18%</b>	<b>20%</b>
4 rooms	2001	399	6,136	4,084,712
4 rooms	2011	781	6,857	4,227,236
4 rooms	Change	<b>96%</b>	<b>12%</b>	<b>3%</b>
5 rooms	2001	213	8,612	5,547,813
5 rooms	2011	261	8,208	5,446,830
5 rooms	Change	<b>23%</b>	<b>-5%</b>	<b>-2%</b>
6 rooms	2001	235	6,454	4,187,159
6 rooms	2011	233	6,509	4,275,834
6 rooms	Change	<b>-1%</b>	<b>1%</b>	<b>2%</b>
7 rooms	2001	133	3,877	1,886,797
7 rooms	2011	141	4,033	2,223,733
7 rooms	Change	<b>6%</b>	<b>4%</b>	<b>18%</b>
8 rooms +	2001	195	6,644	2,166,576
8 rooms +	2011	234	7,856	2,811,818
8 rooms +	Change	<b>20%</b>	<b>18%</b>	<b>30%</b>

Source: Census 2001 and 2011, [Table QS407EW](#)

- 4.14 This data indicates that there has been a slight rise in the number of bedsits between 2001 and 2011 in WTC. There was a substantial increase in the number of smaller dwellings with 2, 3, 4 habitable rooms (dwellings with 1 and 2 bedrooms) in the Town Centre.
- 4.15 The increase in smaller dwellings has been particularly pronounced in the Town Centre with 903 net new dwellings of this size coming into existence over the period. This compares with 1,606 dwellings in the Borough as a whole, comprising 56% of the total.
- 4.16 This emphasizes the importance of WTC as a centre of development activity in the Borough during the period 2001 to 2011, particularly in the delivery of smaller, more affordable, market dwellings.
- 4.17 It is also worth noting the growth in the number of the largest size of dwelling (+8 rooms) over the same period. A total of 1,212 new dwellings of this size came into existence within the Borough, of which 39 were in WTC. This likely reflects both the presence of a number of wealthier households, a key group in supporting the economic growth of the area, and houses in multiple occupations.
- 4.18 In addition, based on the annual monitoring report (AMR) of WBC, the following table sets out the new housing delivered in the Borough by bedroom size between 2011/12 and 2019/20. It is worth noting that at 1,774 dwellings 1- and 2-bedroom homes also make up the majority (70%) of these new dwellings.

**Figure 11: Supply of dwellings in Woking Borough 2011/12 – 2019/20**

Year	Total net supply	Bedsit	1-bed	2-beds	3-beds	4+ beds
2011-12	188	0	110	34	19	24
2012/13	273	0	39	210	17	6
2013/14	370	0	148	172	26	24
2014/15	66	0	13	22	18	13
2015/16	360	0	41	125	107	87
2016/17	399	0	120	92	116	71
2017/18	345	0	108	94	67	80
2018/19	231	0	66	113	19	33
2019/20	303	0	182	85	18	18
<b>Total</b>	<b>2,535</b>	<b>0</b>	<b>827</b>	<b>947</b>	<b>407</b>	<b>356</b>
<b>% of supply</b>	<b>N/A</b>	<b>N/A</b>	<b>33%</b>	<b>37%</b>	<b>16%</b>	<b>14%</b>

Source: WBC, [Annual Monitoring Report 2011-2020](#)

- 4.19 Assuming the distribution of delivery of these dwellings (1-bed or 2-beds) remains the same as during the 2001-11 period (56% in WTC) then around 994 dwellings would have been completed in WTC. This would equate to an annual rate of 111 dwellings of 1-bed or 2-beds (rounded).
- 4.20 In the table below we present the data from WBC’s annual monitoring report (AMR); this document records dwelling delivered in each financial year by location. It is important to note the fluctuations in the delivery of dwellings in WTC from year to year.
- 4.21 This shows that in the years 2012/13 and 2013/14, the rate of delivery of new homes in WTC was relatively high with an average rate of 198 dwellings per annum (dpa). In subsequent years until 2018/2019 the rate reduced dramatically to a five-year average of just 23 dpa. However, the most recent data shows that in 2019/20, there are 220 new homes delivered in WTC which is higher than the dpa level in 2012-14.

**Table 11: Supply of dwellings in Woking by Location 2012/13– 2019/20**

Area	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	Avg.
<b>WTC (OA level)</b>	167	229	0	10	45	28	32	220	<b>91</b>
<b>Woking Borough</b>	273	370	66	360	399	345	231	303	<b>293</b>
<b>Local Plan target</b>	292	292	292	292	292	292	292	292	<b>292</b>

Source: WBC, [Annual Monitoring Report 2011-2020](#)

- 4.22 Based on the average rate of completions in the 2001 – 2020 period, it is reasonable to express the achievable BOR based on historic data is between 91 and 111 dwellings per annum in WTC.

### **Change in Tenure**

- 4.23 In the table below we reproduce Census data relating to the change in the distribution of tenures within WTC, the Borough as a whole and England. This data shows there has been a fall in the number of households that own their property with a mortgage. This indicates the increasingly unaffordable nature of properties in WTC or the lack of access to mortgage products. This trend is also observed in the Borough as well as at the national level.
- 4.24 Those tenures that have seen the strongest increase over the period are Shared Ownership (albeit starting from a low base), dwellings rented from a housing association or registered social landlord (indicating WBC have been successful in delivering substantial numbers of Affordable Homes over the period) and Private Rented Housing (PRS).
- 4.25 The number of households living in the PRS in WTC grew over the 2001-2011 period by 692. In percentage terms, this level of growth (135%) exceed the Borough level of 97%. It is worth noting that the number of households occupying PRS dwellings in the Borough grew by 3,049 over the period. Indicating that the Town Centre area accounted for 23% of all PRS growth in the Borough.

4.26 It is also notable that WTC accounts for 98% of the growth in the number of households occupying Affordable Housing units in the Borough, despite accounting for only 17% of all households. This suggests that a disproportionately high number of Affordable Homes are located on WTC.

**Table 12: Change in tenure of dwellings 2001-11**

Tenure	Year	WTC (OA level)	Woking Borough	England
All households	2001	1,714	36,941	20,451,427
All households	2011	2,716	39,467	22,063,368
All households	change	58%	7%	8%
Owned	2001	1,059	28,060	13,920,429
Owned	2011	1,143	27,829	13,975,024
Owned	%	8%	-1%	0%
Shared ownership	2001	29	343	133,693
Shared ownership	2011	47	368	173,760
Shared ownership	change	62%	7%	30%
Social rented <sup>10</sup>	2001	111	4,532	3,940,728
Social rented	2011	279	4,704	3,903,550
Social rented	change	151%	4%	-1%
Private rented	2001	513	3,137	1,798,864
Private rented	2011	1,205	6,186	3,715,924
Private rented	change	135%	97%	107%

Source: Census 2001 and 2011, [Table QS405EW](#)

4.27 This reaffirms the suitability of the Town Centre as a location for the development of Affordable Housing. This is driven by the mixed demographic, the proximity to public transport and the scale of development envisaged.

<sup>10</sup> Rented from council (Local Authority), housing association or registered social landlord

4.28 In the table below we demonstrate how the supply of dwellings at the Borough level splits into the market and Affordable Housing. This demonstrates that Affordable Housing has comprised 17% of delivery. The Council's current policy is to achieve 35% delivery of Affordable Housing on qualifying schemes. Therefore, the delivery has been skewed towards smaller schemes or not achieving the desired levels of Affordable Housing.

**Table 13: New Homes in the Borough of Woking, tenure split**

Year	Total net supply	Market	Affordable
2011/12	188	166	22
2012/13	273	259	14
2013/14	370	355	15
2014/15	66	61	5
2015/16	360	258	102
2016/17	399	233	166
2017/18	345	312	33
2018/19	231	199	32
2019/20	303	272	31
<b>Total</b>	<b>2,535</b>	<b>2,115</b>	<b>420</b>
%	<b>N/A</b>	<b>83%</b>	<b>17%</b>

Source: WBC, [Annual Monitoring Report 2011-2020](#)

4.29 Given the Town Centre's suitability to the provision of dwellings within reach of people on modest incomes, this serves to highlight the importance of bringing forward housing development in this part of the Borough.

#### **Baseline demographic profile**

4.30 The most up-to-date ONS data releases have been accessed to provide a demand profile using the following indicators of the strength of demand for homes:

- Population size and growth;
- household growth;
- Trends in average household
- Age structure;
- Household composition

## Demographic change 2021-2035

- 4.31 To assess demand conditions over the period 2021-2035, demographic projections based on annual housing targets derived from the Government's standard method have been produced. This allows an analysis of how the indicators set out above will change over the period from 2021 to 2035 and conclusions to be drawn as to the likely strength of demand over the build-out period of the Town Centre sites.
- 4.32 In the following demographic analysis, the data source for smaller geographical areas including Woking Town Centre, local authorities and the HMA are projections prepared by Edge Analytics.
- 4.33 For larger geographical area comparators, such as the South East region and England, the data is sourced from various ONS datasets.
- 4.34 It should be noted that both the baseline and the forecasting method are different between the two data sources. Despite this, the inclusion of the latter provides a helpful point of comparison with trends observed in the smaller areas.

### **Population size and growth (baseline)**

- 4.35 The table below presents population data sourced from Edge Analytics and ONS showing how the population of WTC has changed over the period 2011-2020. Comparative data is also provided for the local authorities in the HMA, the South East region and England.

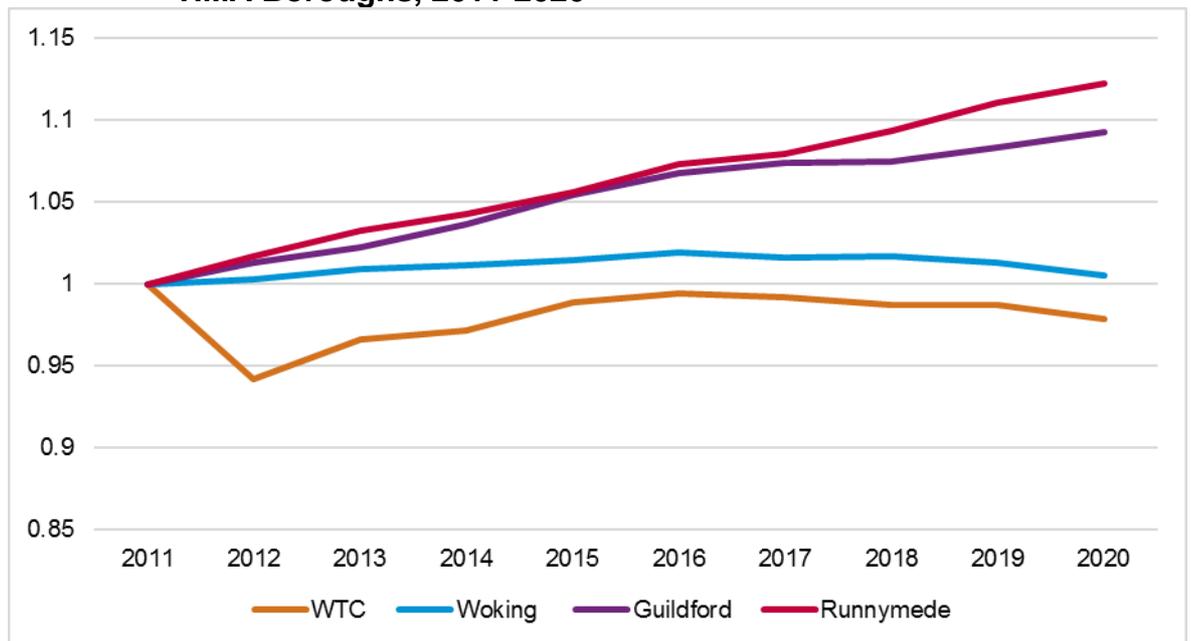
**Table 14: Baseline population (000's), WTC (ward level), the Borough and wider comparators, 2011-2020**

(000's)	2011	2015	2020	Average annual growth rate 2011-20 (%)
<b>WTC</b>	22.0	21.7	21.5	<b>-0.2%</b>
<b>Woking</b>	99.5	101.0	100.0	<b>0.1%</b>
<b>Guildford</b>	137.6	145.1	150.4	<b>1.0%</b>
<b>Runnymede</b>	80.5	85.0	90.3	<b>1.3%</b>
<b>HMA</b>	317.6	331.0	340.7	<b>0.8%</b>
<b>South East</b>	8,652.8	8,949.4	9,217.3	<b>0.7%</b>
<b>England</b>	53,107.2	54,786.3	56,550.1	<b>0.7%</b>

Source: Edge Analytics 2021 / ONS, [Table 4](#) (Population estimates for regions)

4.36 The figure below shows the population growth trend of the baseline population in WTC and local authorities in the HMA over the period 2011-2020.

**Figure 12: Baseline population trend (Index:2011), WTC (ward level) and HMA Boroughs, 2011-2020**



Source: Edge Analytics 2021 / ONS, [Table 4](#) (Population estimates for regions)

4.37 This shows that, overall, the population in WTC has decreased slightly over the past ten years, the level of growth is lower than the local authorities in the HMA and for the Borough as a whole. Runnymede and Guildford show a higher level of population growth than Woking.

**Population size and growth (forecast)**

4.38 The table below presents the forecast change in population between 2021 and 2035. WTC population consists of 21 per cent of the overall Woking population. However, the estimates are produced at a Borough level; therefore, the WTC population forecast is assumed as similar to the rate of growth of overall Woking.

**Table 15: Forecast population change, WTC (ward level), the Borough and wider comparators, 2021-2035**

	2021	2030	2035	% increase
<b>WTC</b>	21,602	22,860	23,571	<b>9.12%</b>
<b>Woking</b>	100,740	106,609	109,926	<b>9.12%</b>
<b>Guildford</b>	152,422	168,227	176,435	<b>15.75%</b>
<b>Runnymede</b>	91,915	104,007	109,965	<b>19.64%</b>
<b>HMA</b>	345,077	378,844	396,326	<b>14.85%</b>
<b>South East</b>	9,282,327	9,596,383	9,725,152	<b>4.77%</b>
<b>England</b>	56,989,572	59,181,801	60,183,923	<b>5.61%</b>

Source: Edge Analytics 2021 / ONS, [Table 4](#) (Population estimates for regions)

4.39 This shows that the WTC population will grow by around 1,970 persons over the period to 2035, an increase of around 9%. The forecast population growth rate of Woking and WTC is less than that of other local authorities in the HMA. However, the growth rate is expected to be greater than the regional and national levels.

**Household growth (baseline)**

4.40 The table below presents household data sourced from Edge Analytics and ONS showing how the number of households in WTC has changed over the period 2011-2020. Comparative data is also provided for the local authorities in the HMA, the South East region and England.

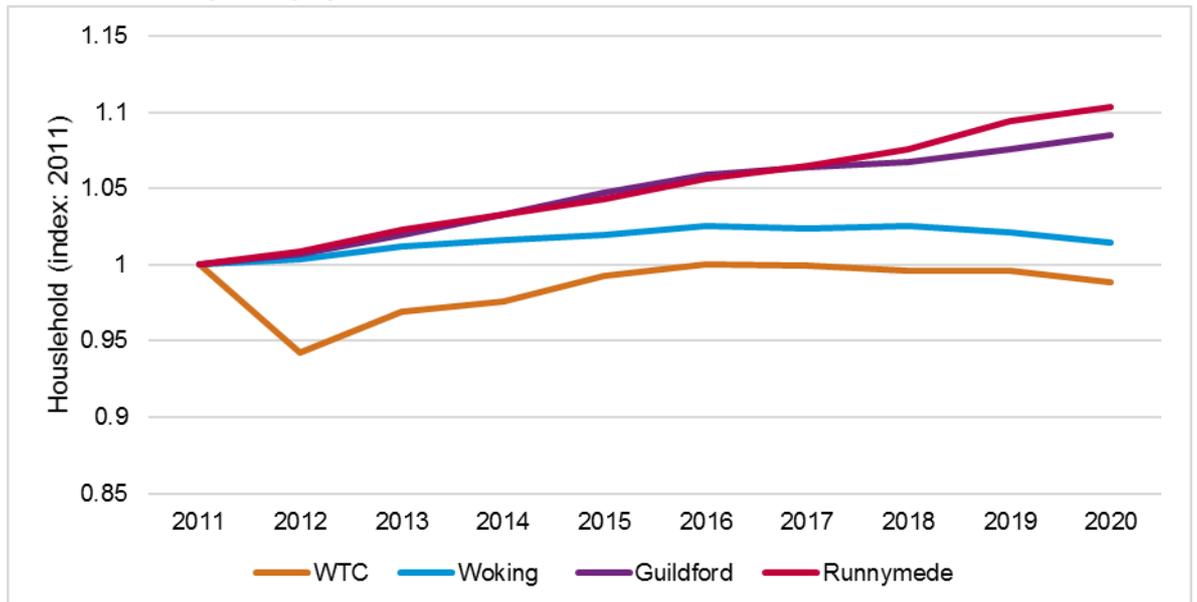
**Table 16: Baseline households (000's), WTC (ward level) and HMA, 2011-2020**

(000's)	2011	2015	2020	Average annual growth rate 2011-20 (%)
<b>WTC</b>	8.1	8.0	8.0	<b>0.0%</b>
<b>Woking</b>	39.6	40.4	40.2	<b>0.2%</b>
<b>Guildford</b>	54.1	56.7	58.7	<b>0.9%</b>
<b>Runnymede</b>	32.7	34.1	36.1	<b>1.1%</b>
<b>HMA</b>	126.4	131.1	134.9	<b>0.8%</b>
<b>South East</b>	3,599.3	3,682.9	3,840.5	<b>0.6%</b>
<b>England</b>	22,146.4	22,923.1	23,562.6	<b>0.7%</b>

Source: Edge Analytics 2021 / ONS, [Table 5](#) (Households by size)

4.41 The figure below shows the growth trend of baseline household numbers in WTC and local authorities in the HMA over the period 2011-2020.

**Figure 13: Baseline household trend, WTC (ward level) and HMA Boroughs, 2011-2020**



Source: Edge Analytics 2021 / ONS, [Table 5](#) (Households by size)

4.42 Based on the past ten-year trend, this shows that the number of households in WTC and Woking is growing more slowly compared with other local authorities in the HMA and the wider regional or national level.

### Household growth (forecast)

- 4.43 The table below shows the forecast growth in WTC and HMA households between 2021 to 2035. The forecast number of households in WTC is produced using the projected population and the household size (see next section).

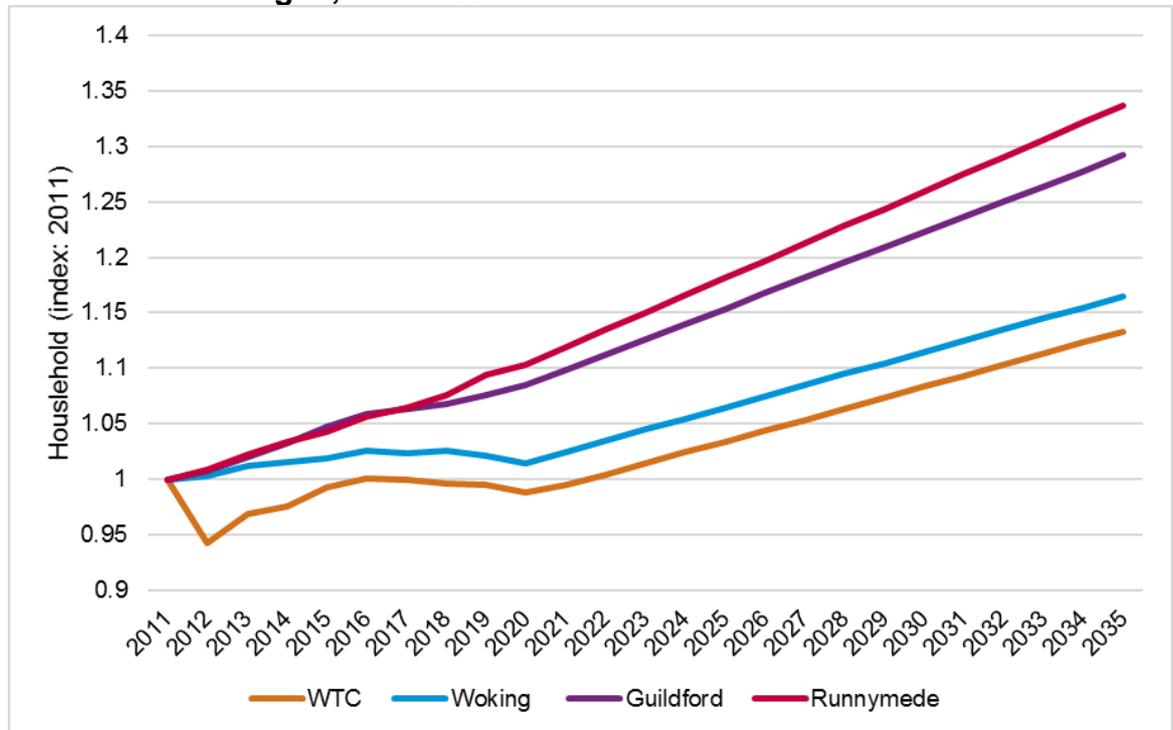
**Table 17: Forecasted household growth, WTC (ward level), the Borough and wider comparators, 2021-2035**

	2021	2030	2035	% increase	Household change
<b>WTC</b>	8,056	8,775	9,179	<b>13.9%</b>	<b>1,123</b>
<b>Woking</b>	40,574	44,148	46,133	<b>13.7%</b>	<b>5,559</b>
<b>Guildford</b>	59,450	66,172	69,906	<b>17.6%</b>	<b>10,456</b>
<b>Runnymede</b>	36,565	41,148	43,694	<b>19.5%</b>	<b>7,128</b>
<b>HMA</b>	136,589	151,467	159,732	<b>16.9%</b>	<b>23,143</b>
<b>South East</b>	3,830,091	4,057,869	4,168,828	<b>8.8%</b>	<b>338,737</b>
<b>England</b>	23,688,898	25,147,231	25,888,615	<b>9.3%</b>	<b>2,199,717</b>

Source: Edge Analytics 2021 / ONS, [Table 406](#) (2018-based household projections)

- 4.44 The below graph shows the forecast change in the number of households in the HMA between 2021 and 2035.

**Figure 14: Projected household growth, WTC (ward level) and HMA Boroughs, 2021-2035**



Source: Edge Analytics 2021 / ONS, [Table 406](#) (Household projections)

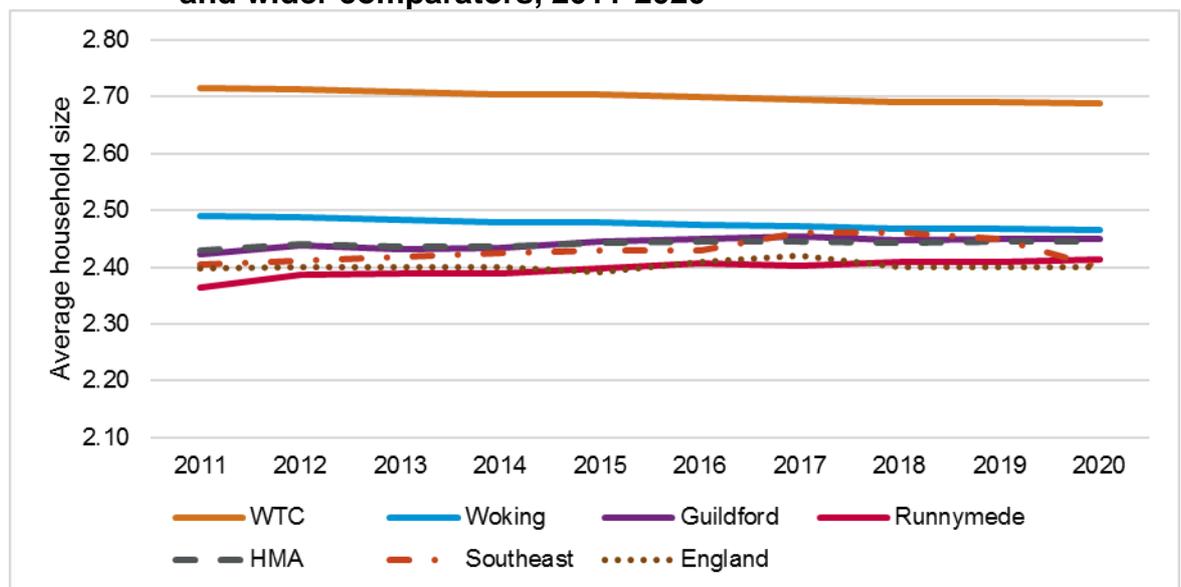
4.45 This indicates that every local authority in the HMA is expecting substantial growth in household numbers. For WTC, approximately, there will be an additional 1,123 households in 2035. In terms of household growth rate, particularly Runnymede is showing a high household growth of 19.5% between 2021 and 2035.

**Household size (baseline)**

4.46 The figure below shows trends in household size in WTC between the period 2011-2020. The household size for WTC is drawn from the 2011 Census data; this shows that the average household size in WTC is 2.7% larger than Woking overall.

4.47 Therefore, to arrive at how the average household size of the WTC has changed over this period, the 9% uplift has been applied to the demographic forecasts. Data for the local authorities in the HMA, the South East region and England is also provided for comparison.

**Figure 15: Baseline households’ size trend, WTC (ward level), the Borough and wider comparators, 2011-2020**



Source: ONS, [Table 5](#) (Households by size)

4.48 The baseline household size trend shows that Woking overall and WTC have seen a fall in household size in the past ten years. That said, while other local authorities in the HMA have seen an increase in average household sizes, Woking still has the highest in the HMA.

4.49 Also, over the past ten years, the household size level of WTC is consistently higher than that of HMA, the South East region and England.

**Household size (forecast)**

4.50 The table below shows the predicted change in the household size of WTC and local authorities in the HMA from 2021 to 2035.

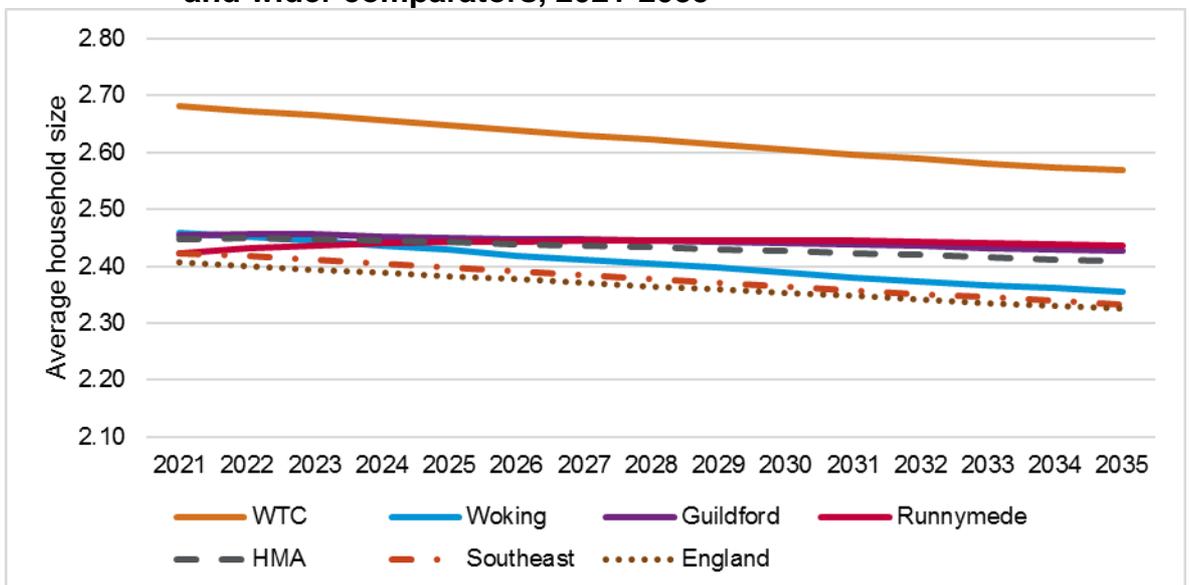
**Table 18: Forecasted household size, WTC (ward level), the Borough and wider comparators, 2021-2035**

Area name	2021	2030	2035	% change
<b>WTC</b>	2.68	2.61	2.57	<b>-4.2%</b>
<b>Woking</b>	2.46	2.39	2.36	<b>-4.2%</b>
<b>Guildford</b>	2.45	2.44	2.43	<b>-1.1%</b>
<b>Runnymede</b>	2.42	2.44	2.44	<b>0.6%</b>
<b>HMA</b>	2.45	2.43	2.41	<b>-1.6%</b>
<b>South East</b>	2.42	2.36	2.33	<b>-3.7%</b>
<b>England</b>	2.41	2.35	2.32	<b>-3.4%</b>

Source: Edge Analytics 2021 / ONS, [Table 406](#) (Household projections)

4.51 The increase in household numbers in conjunction with a reduction in household sizes in Woking and Guildford is likely to lead to a requirement for additional dwellings to house the same number of people. The graph below shows the trends of the projected household size with wider geographical comparators included.

**Figure 16: Projected households’ size trend, WTC (ward level), the Borough and wider comparators, 2021-2035**



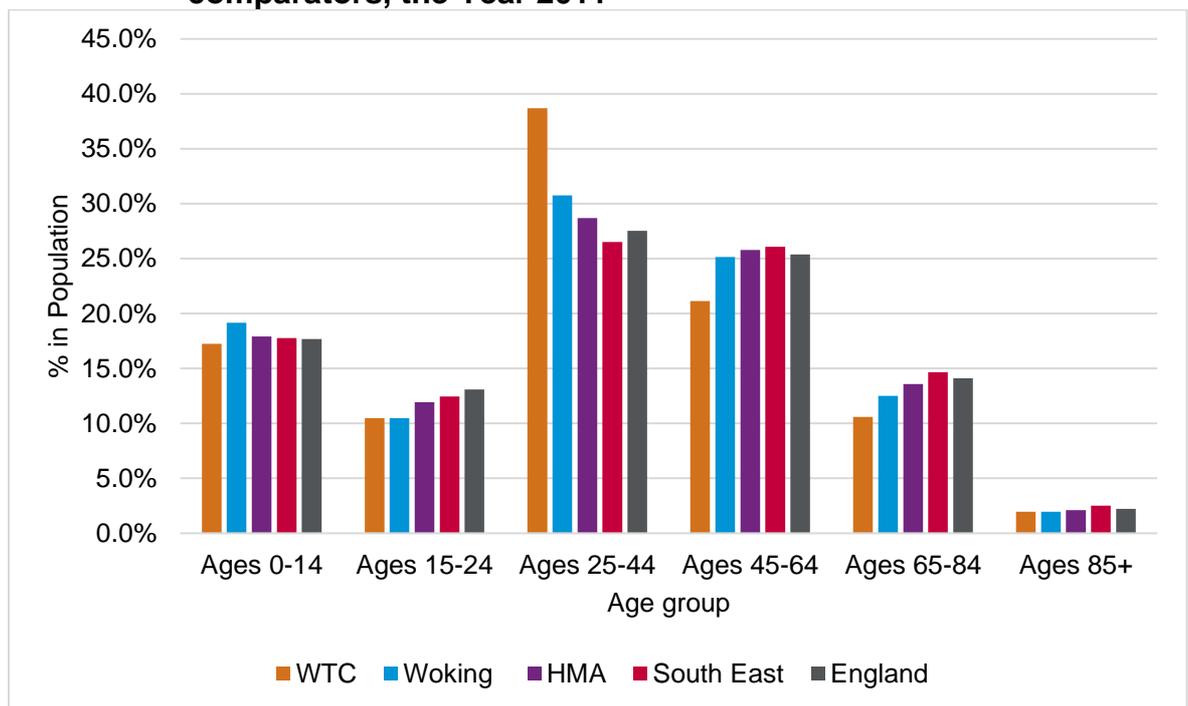
Source: Edge Analytics 2021 / ONS, [Table 406](#) (Household projections)

4.52 The trends in household size trend between 2021 to 2035, support the argument for maintaining a strong supply of dwellings in WTC in the coming years.

### Age structure (baseline)

4.53 The below figure presents the age structure data sourced from Edge Analytics and Census 2011 showing the age group distribution of WTC, HMA and wider comparators in the year 2011.

**Figure 17: Age Structure, WTC (OA level), the Borough and wider comparators, the Year 2011**



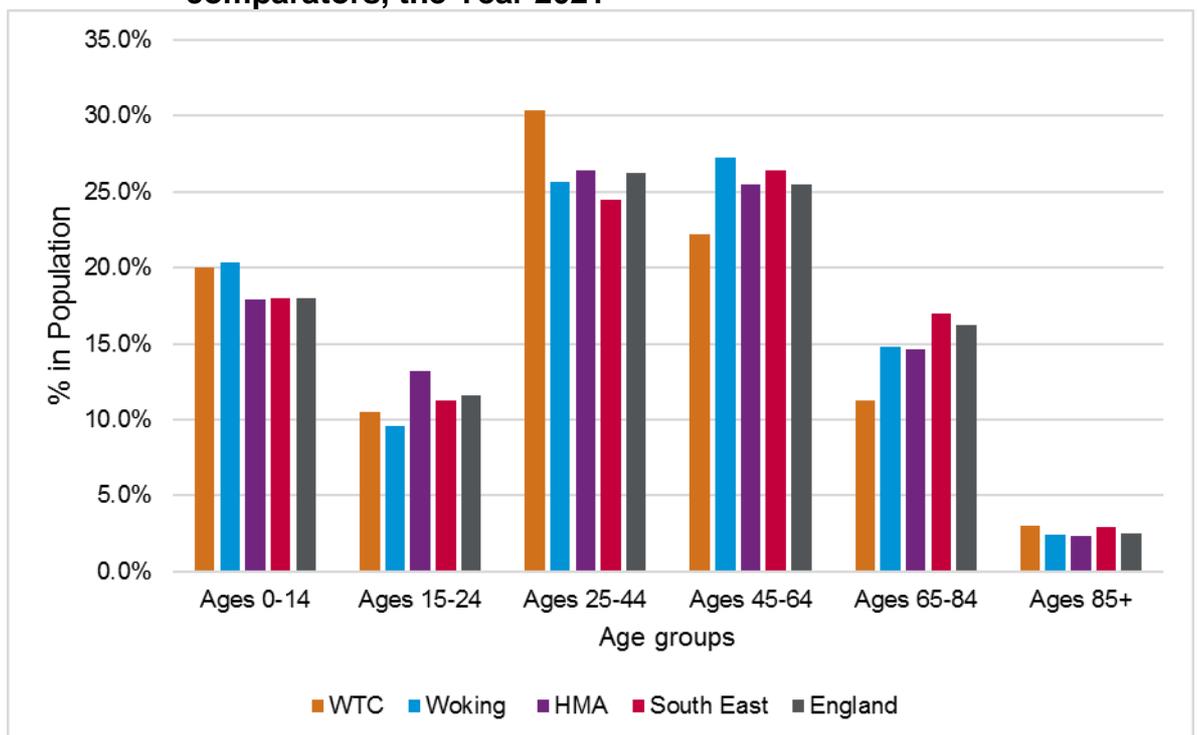
Source: Edge Analytics 2021 / Census 2011, [Table KS102EW](#)

4.54 In the baseline year 2011, a relatively large proportion of the population of WTC are aged between 25 to 44. In contrast, the wider Borough has a larger proportion of older households, especially aged 65 and above. Also, it is worth noting that Woking has a younger age group distribution compared with the HMA as a whole, South East region and England.

### Age structure (forecast)

4.55 The age structure varies significantly over the HMA and the regional comparators. The chart below displays the differences in the age structure of WTC, Woking, the overall HMA compared to the South East region and England as a whole.

**Figure 18: Age Structure, WTC (OA level), the Borough and wider comparators, the Year 2021**



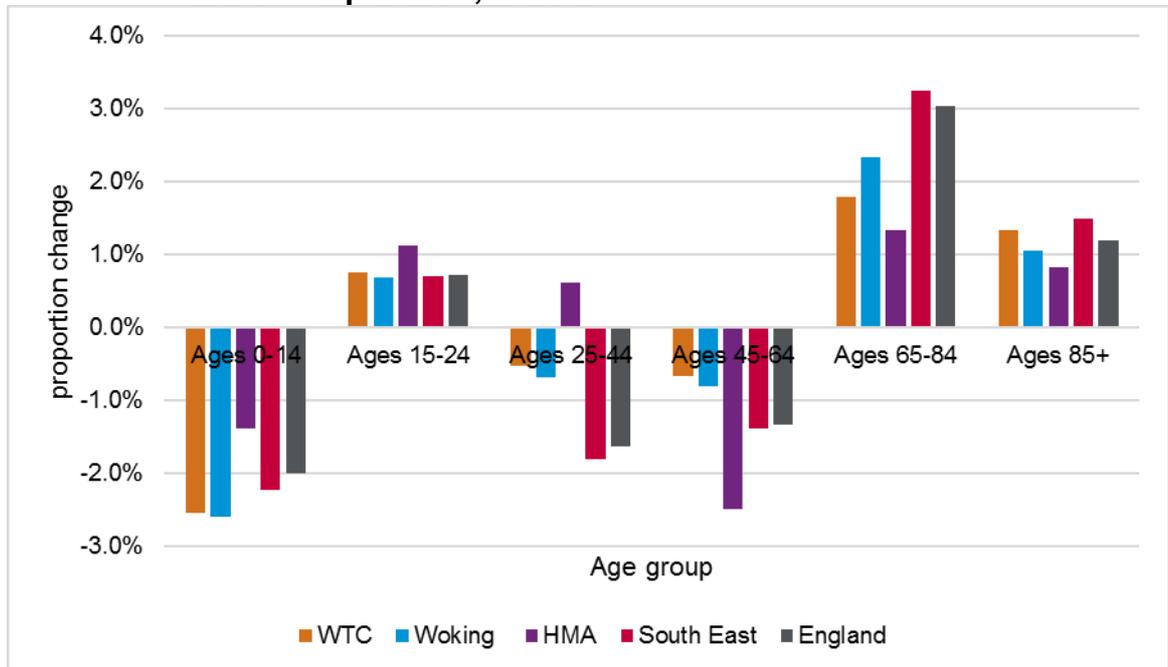
Source: Edge Analytics 2021

4.56 In 2021, Woking’s population is concentrated between the ages of 45 and 65, followed by the age group of 25-44. The lowest percentage of the population is in the 85+ age bracket.

4.57 In the HMA, a significant proportion of the population in the 15-24 age group is observed, which is higher than both regional and national levels. Taking the Woking data into account, this indicates that Runnymede’s and Guildford’s population has a substantial proportion of people falling into the younger age groups, especially the 15 to 24 age cohort.

- 4.58 In the South East region, the largest age group is the 45-64 age bracket, followed closely by those in the 25-44 age bracket. The 85+ age group forms the smallest age group; this is common to all the geographies considered.
- 4.59 England's age structure is similar to the South East regional level overall, with the most significant age bands in the 25-44 and 45-64 age categories, while 85+ age bands comprise a relatively small proportion of the population.
- 4.60 The figure below displays the forecast change in population age structure from 2021 to 2035 in WTC and Woking compared to other geographical comparators. The data shows a significant increase in the 65 to 84 and over 85s age groups for all the geographical levels. For Woking and WTC, the extent is more substantial compared with the overall HMA level, but less than the regional and national levels.
- 4.61 Conversely, the younger age groups are predicted to decrease in Woking and WTC, with the 0-14 age brackets reducing the most significantly by 2.6% and 2.5% respectively. In the Southeast region and England, the age groups expected to fall the most are in the 0-14 and 25-44 age ranges.

**Figure 19: % change in age structure, WTC (OA level), the Borough and wider comparators, 2021-2035**



Source: Edge Analytics 2021

4.62 Due to the projected increases of older age groups in the future, the demand for dwellings and facilities suitable for ageing populations in Woking and WTC is likely to increase.

**Household composition (baseline)**

4.63 The below table shows the household composition in the baseline year 2011 categorized by the family members’ characteristics based on Census 2011 data. The Borough statistics are presented together with a county level and the regional level of comparators categorized with household members’ age group and civil status.

**Table 19: Baseline Household Composition, Woking and wider comparators, 2011**

Household Composition	Woking	Surrey	South East
<b>One person</b>	<b>26.6%</b>	<b>27.3%</b>	<b>28.8%</b>
<b>One person: 65+</b>	11.4%	12.6%	12.7%
<b>One person: Other</b>	15.2%	14.7%	16.1%
<b>One family</b>	<b>65.2%</b>	<b>65.8%</b>	<b>63.9%</b>
<b>One family: 65+</b>	7.9%	9.2%	9.0%
<b>One family: Married or partnership<sup>11</sup></b>	40.5%	39.7%	35.9%
<b>One family: Cohabiting couple<sup>12</sup></b>	9.4%	9.2%	9.8%
<b>One family: Lone parent</b>	7.4%	7.7%	9.2%
<b>Other types</b>	<b>8.2%</b>	<b>6.9%</b>	<b>7.4%</b>

Source: Census 2011, [Table QS112EW](#)

- 4.64 Based on the Census 2011 data, the majority of the broad household type in Woking is the one-family household, comprising 65.2% of the overall households. In detail, most of these one-family households are “married or same-sex civil partnership couples” (40.5%). The largest household types represent a higher proportion of all households in Woking compared to the County and wider region.
- 4.65 The table below presents the household composition trends of the Borough and the HMA comparator over the period 2011 to 2020. The data is categorized with different characteristics in the household in terms of genders and family size according to Edge Analytics which follows the MHCLG classification.

<sup>11</sup> Including no children or dependent children

<sup>12</sup> Including no children or dependent children

**Table 20: Baseline Household Composition, Woking and the HMA, 2011-2020**

(Area)	Woking	Woking	Woking	Woking	HMA	HMA	HMA	HMA
Year	2011	2015	2020	% Change	2011	2015	2020	% Change
One person male	4,801	4,853	4,918	2.4%	15,616	16,283	16,881	8.1%
One person female	5,716	5,473	5,173	-9.5%	19,365	19,135	18,568	-4.1%
Couple no child	10,651	10,476	10,190	-4.3%	34,972	35,721	36,351	3.9%
Cple+adlts no child <sup>13</sup>	3,355	3,561	3,860	15.0%	10,130	10,604	11,350	12.0%
One child	5,224	5,624	5,704	9.2%	15,599	16,850	18,082	15.9%
Two children	5,271	5,642	5,625	6.7%	15,636	16,586	17,140	9.6%
Three+ children	2,080	2,165	2,073	-0.4%	5,738	5,818	5,706	-0.6%
Other households <sup>14</sup>	2,497	2,561	2,635	5.5%	9,331	10,078	10,859	16.4%

Source: Edge Analytics 2021

- 4.66 According to the data, during the baseline period from 2011 to 2020, there has been a large increase in households with “couples plus adults without children” (15%), followed by the household of “adult couples with one child” (9.2%).
- 4.67 That said, in line with Census 2011, the majority household type is “couple without child”. Compared with the HMA level, the extent of changes is slightly different which the household with “one-child” increases more substantial in the HMA.

<sup>13</sup> A couple and one or more other adults: No dependent children (MHCLG, 2014)

<sup>14</sup> Other households with two or more adults (MHCLG, 2014)

4.68 Regarding the decreasing trend over the period, it is observed a substantial decline in “one-person female” households (9.5%) and a slight decline of households of “couple without child” (4.3%) in Woking. The decrease trends of these two types of households are significant given that most of the household types in the HMA have observed an increasing trend in the period.

### Household composition (forecast)

4.69 The table below presents the projected household composition trends of the Borough and the HMA comparator over the period 2021 to 2035 according to Edge Analytics.

**Table 21: Projected Household Composition, Woking and the HMA, 2021-2035**

(Area)	Woking	Woking	Woking	Woking	HMA	HMA	HMA	HMA
Year	2021	2030	2035	% Change	2021	2030	2035	% Change
One person male	4,973	5,699	6,177	24.2%	17,073	19,454	21,091	23.5%
One person female	5,150	5,114	5,093	-1.1%	18,543	18,841	19,266	3.9%
Couple no child	10,238	11,181	11,700	14.3%	36,668	40,401	42,272	15.3%
Cple+ad lts no child <sup>15</sup>	3,959	4,770	5,214	31.7%	11,537	13,181	14,115	22.3%
One child	5,809	6,275	6,477	11.5%	18,498	21,080	22,277	20.4%
Two children	5,678	5,893	5,985	5.4%	17,407	19,307	20,164	15.8%
Three+ children	2,082	2,072	2,071	-0.5%	5,747	5,890	5,961	3.7%
Other household olds <sup>16</sup>	2,684	3,144	3,415	27.2%	11,116	13,312	14,586	31.2%

Source: Edge Analytics 2021

<sup>15</sup> A couple and one or more other adults: No dependent children (MHCLG, 2014)

<sup>16</sup> Other households with two or more adults (MHCLG, 2014)

- 4.70 Regarding the trends of household types in Woking over the period 2021 to 2035, most of the categories are expected to increase. Particularly, an increase in households of a couple with one or more other adults but without a child (31.7%). This is significantly greater than the overall HMA level (22.3%). Also, categories such as other households (27.2%) and households of one-person male (24.2%) are forecasted with a large increase extent over the period.

### Demand and supply balance - summary

- 4.71 Bringing the evidence of historical housing stock supply and demand trends based on the demographic forecast, we have concluded the market conditions and provided insights for the strength of WTC for housing delivery.

### Supply

- Of the 2,748 new homes that were delivered in the Borough between 2001 and 2011, 33% (893 dwellings), were delivered in Woking Town Centre.
- Between 2001 and 2011, 831 new purpose-built flats were delivered in WTC. This volume of development indicates that this type of dwelling has been the preferred development type over this period. This emphasizes the validity of focussing on additional supply in WTC.
- Over the period 2011 to 2020, WTC played a particularly important role in the supply of smaller 1- and 2-bedroom dwellings. The area accounted for 56% of the total supply of these sizes of homes in the Borough.
- The number of households living in the PRS in WTC grew over the 2001-2011 period by 692, or 135%. This accounted for 23% of PRS growth in the Borough as a whole.
- Although the rate at which new homes were delivered in WTC between 2014 to 2019 was relatively low compared with that between 2012-14, it has observed a substantial uplift in the most recent year with 220 new homes delivered in 2020.
- WTC accounts for a high share of the Affordable Housing, indicating the suitability of the Town Centre as a location for additional Affordable Housing units.

- Given the suitability of WTC to the provision of dwellings within reach of people on modest incomes, the lack of new affordable units highlights the importance of bringing forward development in WTC.

## **Demand**

- The projected household growth over the period 2021 to 2035 is substantial for both WTC and the Borough as a whole. In 2035, there are forecast to be an additional 1,123 households in WTC, equivalent to a 14% uplift. Moreover, other local authorities in the Local HMA show an even higher level of household growth, with Runnymede and Guildford showing 19.5% and 17.6% respectively.
- The average household size of WTC will fall from 2.68 to 2.57 over the period 2021 to 2035. This is therefore likely to lead to a requirement for additional dwellings to house the growing or the same number of population.
- Based on the age structure trend between 2021 to 2035 in WTC, the decrease in children (0-14 years) and people of middle age indicates a possible decline in the need for homes suited to families with children.
- The growth of older age groups and younger people (15-24 years) points to a future need for specialist homes suited to older people and affordable units for newly forming households.
- The growth in one person and couple households is forecast to account for a large proportion of overall growth for 2021-35. It is reasonable that the substantial proportion of development in WTC should address their needs.
- Trends in household composition suggest there is a requirement for smaller 1- and 2- bedroom homes with higher density developments in urban settlements. WTC is well suited to meeting demand from these households.

## 5 MARKET SIGNALS

5.1 The original study presented a range of market signals to provide an in-depth assessment of housing market conditions affecting Woking Town Centre.

5.2 This report has populated a range of indicators to provide a robust assessment of market conditions. These are set out below.

- Housing transactions data linked to post-codes; (source: VOA, transactions, but need to investigate further)
- Median house prices new build and second-hand dwellings;
- Median, average and lower quartile rents;
- Median and LQ income;
- Median and LQ affordability ratios;
- Over-crowding and under-occupation;
- Vacancy;
- Jobs growth and connectivity to centres of employment; and
- the position of the sub-area within the indices of multiple deprivations.

### House prices

#### The overall housing market

5.3 Median house prices have increased considerably since 2001 across all geographies shown in the table, with England's house prices increasing by almost 200% in the last 20 years.

5.4 In Woking Town Centre, the median price for a house has risen from £129,000 in 2001 to £396,250 in 2021 an increase of 207%, which is a higher increase than in the Borough level (191%). The lowest increase is found in Runnymede, where prices have increased by 165% over 20 years.

- 5.5 Differentiation in prices is a recognised feature of the housing market, and it would be unrealistic to expect to eliminate all differences due to changes in supply. Characteristics such as the affluence of the local economy, transport connections to employment centres, the appeal of the local environment, nearby facilities and amenities create differences in demand which have an impact on prices. The focus of the analysis is whether prices in Woking have changed relative to other areas.
- 5.6 Woking's house prices have increased at approximately the same rate as England as a whole, but more than Guildford, Runnymede, and the South East.
- 5.7 Dwellings in Woking Town Centre (WTC) command slightly lower median prices than Woking as a whole. However, the prices in the Town Centre are rising more rapidly than in the Borough. This may indicate that people prefer to live in the centre of town.
- 5.8 The table below displays median house price changes at 5 yearly intervals from 2001. This shows the significant increase in prices across all geographies. The house prices in WTC increased most rapidly between 2010 and 2021 – at 74% over 10 years. This suggests a considerable under-supply of dwellings in the Town Centre area.

**Table 22: % increase in median house prices, 2001 – 2021**

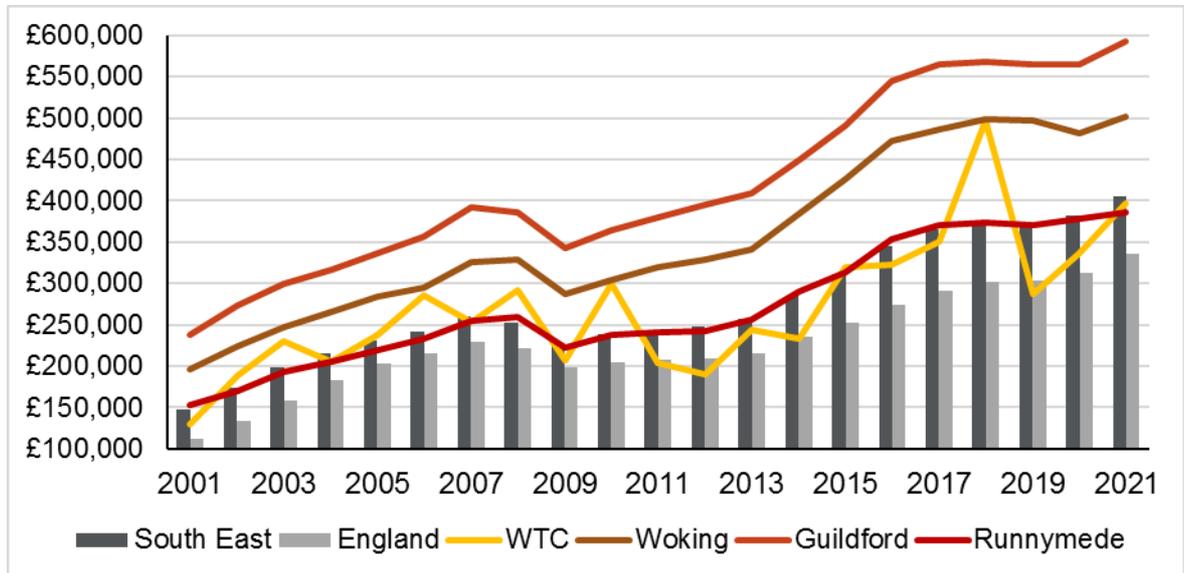
Area	Dec 2001	price 2005	% change (5 years)	price 2010	% change (10 years)	price 2016	% change (15 years)	price 2021	% change (20 years)
<b>WTC (Ward level)</b>	£129,000	£223,500	73%	£228,250	77%	£323,125	150%	£396,250	207%
<b>Woking</b>	£151,000	£225,995	50%	£265,000	75%	£380,000	152%	£440,000	191%
<b>Guildford</b>	£170,000	£243,000	43%	£305,000	79%	£420,000	147%	£480,000	182%
<b>Runnymede</b>	£165,000	£235,000	42%	£265,000	61%	£379,950	130%	£437,500	165%
<b>South East</b>	£126,000	£192,000	52%	£229,000	82%	£295,500	135%	£360,000	186%
<b>England</b>	£92,000	£159,950	74%	£185,000	101%	£224,950	145%	£274,000	198%

Source: ONS [HPSSA dataset 37](#) & [HPSSA dataset 9](#), 2001-2021

### **New builds**

- 5.9 Average prices for new builds in England have risen by 200% since 2001. In Woking, the price for new builds has risen by 157%, which is lower than England as a whole and the South East (175%). However, it is greater than the increases in Guildford (149%) and Runnymede (151%). Guildford has the highest average price in 2021 for new builds, but the price increases have been relatively sluggish.
- 5.10 In WTC, average prices for new builds are approximately 28% less expensive than Woking as a whole in the past 10 years (2011 to 2021).

**Figure 20: Average price (new build), 2001-2021**



Source: [Land registry](#), 2001 - 2021

5.11 Lower quartile (LQ) prices for new builds have increased by 183% over the period 2001-2021 for England as a whole and by 170% in the SE region. However, there have been relatively varied increases across the HMA. LQ prices for new builds has risen in Woking, Guildford, and Runnymede by 124%, 193%, and 78% respectively.

**Table 23: LQ and average house prices of new build homes, 2001 - 2021**

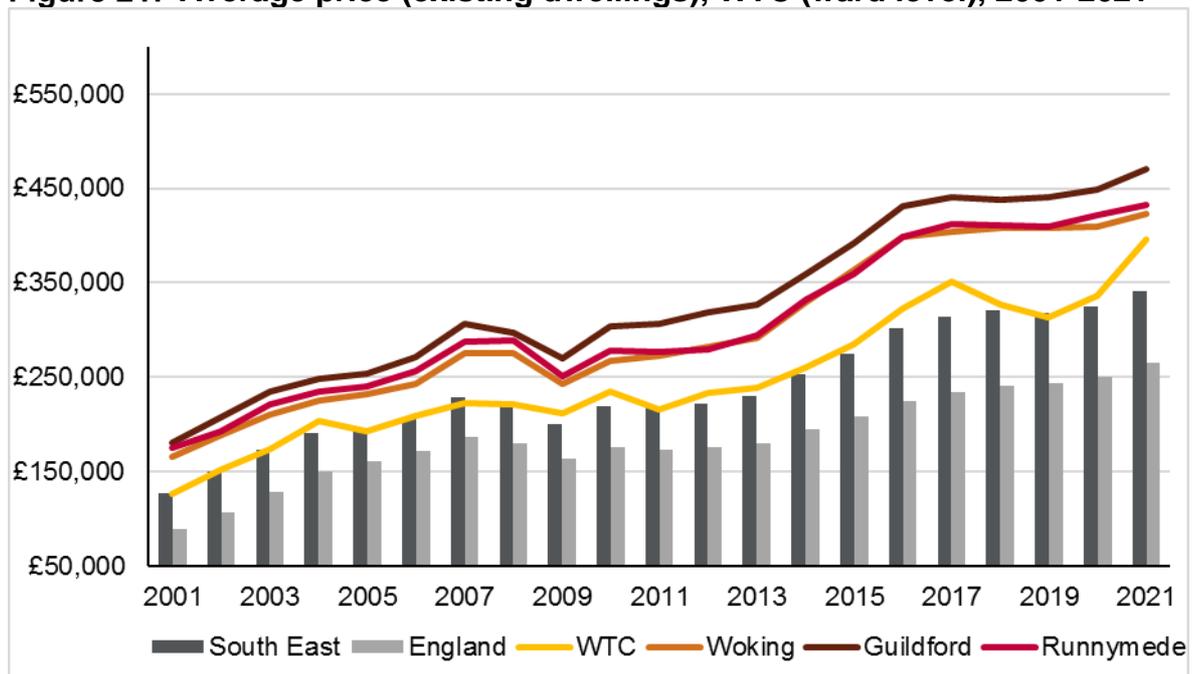
	LQ 2001	LQ 2021	% increase	avg. 2001	avg. 2021	% increase
<b>WTC (ward level)</b>	N/A	N/A	N/A	£130,250	£396,250	204%
<b>Woking</b>	£142,975	£320,000	124%	£195,417	£501,994	157%
<b>Guildford</b>	£139,995	£410,000	193%	£238,333	£592,502	149%
<b>Runnymede</b>	£149,500	£266,225	78%	£153,552	£385,701	151%
<b>South East</b>	£115,000	£311,000	170%	£147,492	£405,331	175%
<b>England</b>	£81,950	£232,000	183%	£111,914	£336,266	200%

Source: [Land Registry](#), ONS [HPSSA dataset 37](#), 2001 - 2021

## Second-hand housing market

5.12 Average prices for existing dwellings have increased at approximately the same rate as new builds. England as a whole increased by almost 200% from 2001 to 2021, while Woking has increased by 156%, which doesn't deviate too much from Guildford (161%), and Runnymede (146%).

**Figure 21: Average price (existing dwellings), WTC (ward level), 2001-2021**



Source: [Land Registry](#), ONS [HPSSA dataset 37](#) 2001 – 2021

5.13 The table below compares the LQ and average prices and the LQ and average percentage increases.

**Table 24: LQ and average prices and % increase (existing dwellings), 2001 - 2021**

	LQ 2001	LQ 2021	% increase	avg. 2001	avg. 2021	% increase
<b>WTC (ward level)</b>	N/A	N/A	N/A	£127,000	£396,250	212%
<b>Woking</b>	£110,000	£335,000	205%	£165,376	£422,992	156%
<b>Guildford</b>	£117,500	£370,000	215%	£180,566	£471,059	161%
<b>Runnymede</b>	£118,000	£360,000	205%	£175,638	£432,028	146%
<b>South East</b>	£77,000	£262,000	240%	£126,518	£340,426	169%
<b>England</b>	£52,000	£175,000	237%	£88,720	£265,610	199%

Source: ONS [HPSSA dataset 16](#), 2001 – 2021

- 5.14 Lower quartile prices have increased much more significantly than average prices across the entire HMA. LQ prices for England as a whole have increased by 237% since 2001, while the SE region has seen LQ increases of 240%. This could potentially push lower-income homebuyers out of the market as the LQ prices will only be affordable for those on higher incomes.
- 5.15 The table below compares the average price difference between existing dwellings and new builds in between 2011 to 2021.

**Table 25: Average prices for existing dwellings and new builds, 2011 to 2021**

	existing	new build <sup>17</sup>	% difference
<b>WTC (ward level)</b>	£298,238	£307,622	3%
<b>Woking</b>	£362,766	£430,776	19%
<b>Guildford</b>	£397,676	£502,333	26%
<b>Runnymede</b>	£366,071	£325,058	-11%
<b>South East</b>	£283,223	£326,646	15%
<b>England</b>	£217,390	£267,342	23%

Source: [Land Registry](#), ONS [HPSSA dataset 37](#), 2011 – 2021

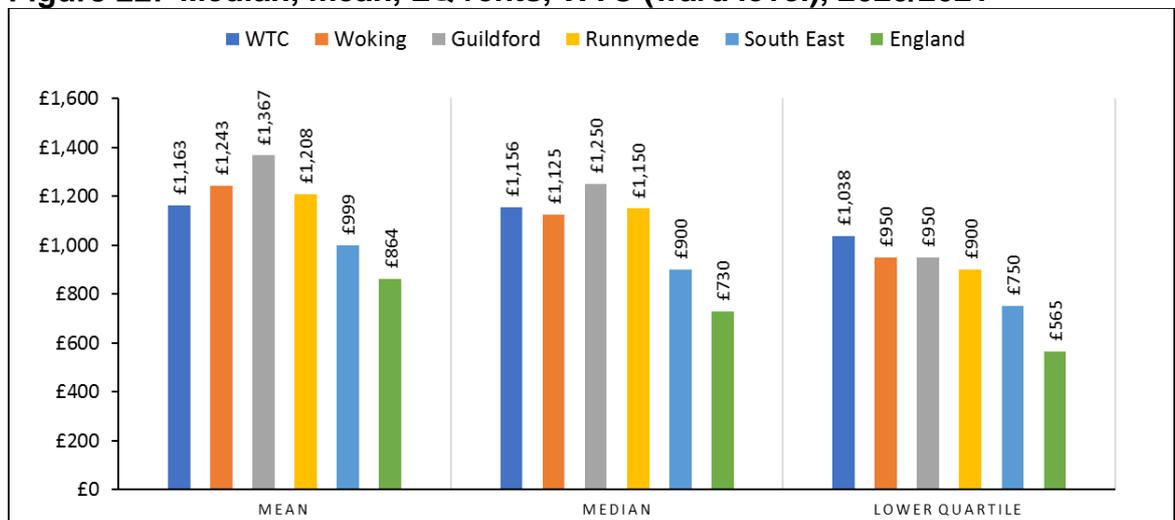
<sup>17</sup> It should be noted that, in 2021, there is insufficient price data for new build in WTC, therefore, the WTC average price has been adopted for both existing and new build dwellings.

- 5.16 In general, existing dwellings are less expensive than new builds across the HMA, except for Runnymede. However, In WTC, there is only a 3% difference in price between existing dwellings and new builds.

### **Rents**

- 5.17 The table below presents the mean, median and lower quartile rents for the Town Centre, the Borough and the comparator geographies recorded between April 2020 and March 2021.
- 5.18 Private rental market statistics for Woking, Guildford, Runnymede, South East, and England were sourced from ONS and they cover the period from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021.
- 5.19 Rental prices for WTC were sourced from Rightmove in November 2021 by collecting rents for properties of 1-bed, 2-bed, 3-bed above sizes in WTC. A minimum of 3 data points were sourced for each type of property, and an additional 3 were sourced for LQ prices. The mean, median, and LQ rents were then calculated using the price points.
- 5.20 The median rent for all properties in England is £730 per month. In the South East region, it is higher at £900 per month. In the HMA, the prices are significantly higher, with Woking, Guildford and Runnymede displaying similar rents of £1,125, £1,250, and £1,150, respectively.
- 5.21 WTC has the higher median and LQ rents of £1,156 and £1,038 respectively than the Borough level, with prices likely to be driven by lack of supply and premium prices associated with living in towns and cities.

**Figure 22: Median, mean, LQ rents, WTC (ward level), 2020/2021**



Source: ONS [Table 2.7](#) & Rightmove, 2020/2021

5.22 The LQ rents for the HMA are significantly higher than the mean price of rents nationally and in some cases much higher than the median of rents in the SE region.

**Table 26: % difference between LQ prices and SE median and England mean**

	difference between LQ and SE (median)	difference between LQ and England (mean)
<b>WTC (ward level)</b>	<b>15%</b>	<b>34%</b>
<b>Woking</b>	<b>6%</b>	<b>30%</b>
<b>Guildford</b>	<b>6%</b>	<b>45%</b>
<b>Runnymede</b>	<b>0%</b>	<b>33%</b>

Source: ONS [Table 2.7](#) & Rightmove, 2020/2021

### Income

5.23 ONS have produced income estimates for small areas which have been calculated using the Family Resources Survey (FRS). This is a continuous household survey that collects information on a representative sample of private households in the United Kingdom.

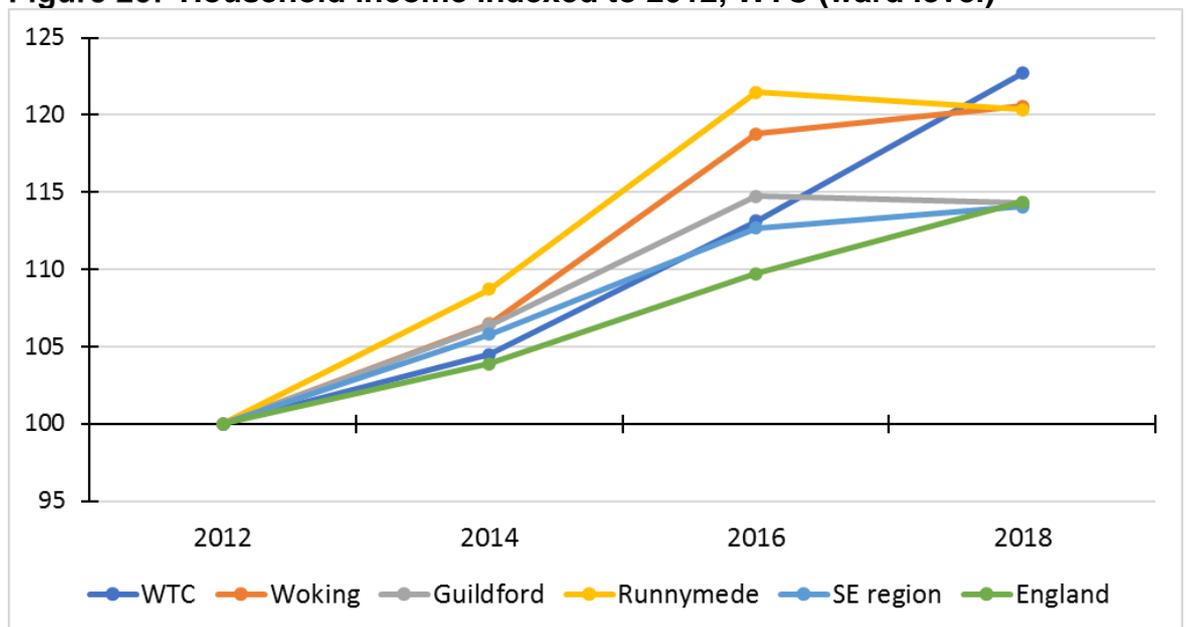
5.24 Following on from the assessment of local prices and rents it is important to understand income levels in the HMA as these (along with the price/rent data) will determine levels of affordability.

5.25 The figure below shows the total average annual household income from 2012 to 2018 and compares WTC, Woking, Guildford, and Runnymede to England as a whole and the South East region.

5.26 Incomes across England and the South East have risen by 14% since 2012. In WTC, Woking, Guildford, and Runnymede, they have risen more significantly by 23%, 21%, 14%, and 20% respectively.

5.27 However, although incomes have increased across the HMA, it is significantly less than the rate at which house prices in the same regions have risen.

**Figure 23: Household income indexed to 2012, WTC (ward level)**



Source: ONS [Table 1](#), 2012-2018

- 5.28 The highest earnings are found in the Woking Borough level, where the household income is around £62,850 per annum. This is significantly higher than the national average of almost £44,000, which is a difference of 43%.
- 5.29 Earnings across Woking, Guildford, and Runnymede are considerably higher than the national average and the South East region. This is to be expected considering the much higher cost of living in these areas, including significantly higher rents and house prices.

**Table 27: Total annual household income and % increase, 2012 – 2018**

	2012	2014	2016	2018	% change
<b>WTC (ward level)</b>	£46,540	£48,620	£52,650	£57,100	23%
<b>Woking</b>	£52,130	£55,510	£61,908	£62,850	21%
<b>Guildford</b>	£51,422	£54,716	£59,006	£58,778	14%
<b>Runnymede</b>	£45,916	£49,920	£55,770	£55,260	20%
<b>SE region</b>	£44,256	£46,823	£49,864	£50,476	14%
<b>England</b>	£38,378	£39,875	£42,104	£43,888	14%

Source: ONS [Table 1](#), 2012-2018

### **Affordability ratios**

- 5.30 The table below sets out the average Affordability Ratios (AR) for each of these geographies. These were calculated by dividing average house prices by total average annual household incomes. AR can be used to compare affordability between different periods and different regions and provide an indication of how attainable it is for a household with an average income to purchase a property at a given point in time.
- 5.31 AR has increased dramatically in the WTC between 2012 and 2018. Also, the HMA, South East region and England as a whole have seen a substantial rise in ARs. The largest increase was seen in the WTC, which rose by 59% during the period.

**Table 28: Affordability ratios and % increases, 2012-2018**

	2012	2014	2016	2018	% increase
<b>WTC (ward level)</b>	4.5	5.1	6.1	7.2	59%
<b>Woking</b>	5.9	6.4	7.0	7.2	23%
<b>Guildford</b>	6.9	7.4	8.3	8.6	23%
<b>Runnymede</b>	5.7	6.2	6.7	7.1	25%
<b>SE region</b>	5.3	5.7	6.5	6.9	30%
<b>England</b>	5.0	5.4	5.9	6.2	24%

Source: GL Hearn calculations

- 5.32 This data demonstrates that it is getting increasingly unaffordable for individuals to purchase homes, and although wages are also growing, it is not matched by the pace at which house prices are increasing.

#### **Overcrowding and under-occupation**

- 5.33 Occupancy rating data was collected from ONS to determine the levels of overcrowding and under-occupation in the HMA.
- 5.34 In England, 5% of homes were classed as overcrowded, and 69% as under-occupied, with similar rates in the SE.
- 5.35 WTC and Woking had much higher rates of overcrowding (9% and 5%) compared to Guildford and Runnymede (3%), with WTC also having the lowest proportion of homes that are under-occupied. This could indicate a lack of adequate housing in the area and provides justification for increasing housing supply in the Town Centre.

**Table 29: Percentage of homes overcrowded and under-occupied, HMA**

Area	Under-occupied	sufficient space	overcrowded
<b>WTC (OA level)</b>	54%	37%	9%
<b>Woking</b>	69%	27%	5%
<b>Guildford</b>	72%	25%	3%
<b>Runnymede</b>	69%	27%	3%
<b>South East</b>	71%	26%	4%
<b>England</b>	69%	27%	5%

Source: ONS, Census table [QS412EW](#), 2011

**Vacancy rates**

5.36 Vacancy rates are broadly similar across the HMA. However, Runnymede has a relatively high vacancy rate, whereas Woking has a lower-than-average vacancy rate, which could point to a need for more development that is not being met, or that it is a high demand area.

**Table 30: The vacancy rate, HMA**

	total household spaces	household spaces with no usual residents	vacancy rate (%)
<b>Woking</b>	40,691	1,224	3.0
<b>Guildford</b>	56,220	2,247	4.0
<b>Runnymede</b>	34,316	1,602	4.7
<b>South East</b>	3,704,173	148,710	4.0
<b>England</b>	23,044,097	980,729	4.3

Source: ONS, Census table [KS401EW](#), 2011

**Jobs growth and connectivity to centres of employment**

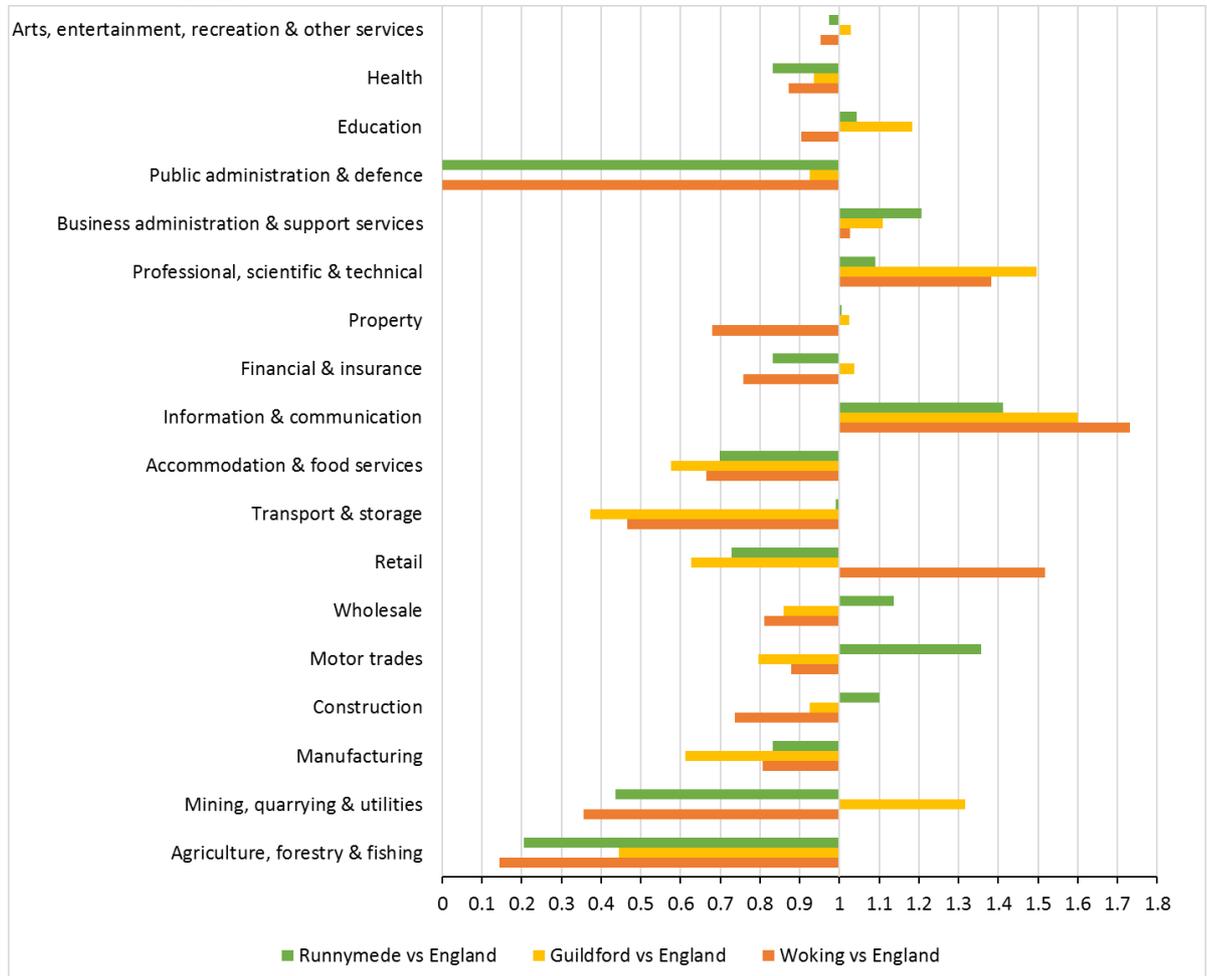
5.37 As mentioned previously, due to the pandemic, there have been several changes in the way that people live and work, including an increase in home working and hybrid office working. These changes are likely to have an impact on local economic development and will bring challenges and opportunities.

5.38 Woking is located in a strategic location, close to London and the M25, and with easy access to Southampton and Guildford. Woking also has excellent transport links, with easy access to Heathrow and Gatwick airports, and highspeed trains to London in 25 minutes.

5.39 Also, Woking has a highly skilled and highly qualified workforce and has attracted several knowledge-based and high-technology businesses, including McLaren Group, Fidessa, and Alent plc. There are businesses in several important industries, including oil and gas (Norpipe Petroleum UK Limited and Petrofac), financial services, pharmaceuticals (Novartis, J&J, Eli Lilly, Pfizer), aerospace (Pattonair Limited), environmental technologies, advanced engineering, and IT.

- 5.40 Woking is a leader when it comes to employment in the knowledge-based economy. Woking's two biggest sectors are: Professional, Scientific, and Technical and Information and Communication.
- 5.41 Almost a quarter of Woking's workforce is employed in the professional, scientific & technical sectors, which is significantly higher than the national average and the SE region. In addition, the information and communication sector also employs a large percentage of the workforce, greater than the HMA.
- 5.42 A Location Quotient is a way of quantifying how concentrated an industry is within an area compared to the country as a whole. A Location Quotient of one indicates that regional employment is equal to the proportion of national employment in that industry, while less than one is lower than the national average. A number greater than one means that the region has a higher concentration of employment in that compared to the national average.
- 5.43 The figure below displays the Location Quotient of particular industries in Woking, Guildford, and Runnymede and compares it to England. It can be seen clearly that Guildford, Runnymede and Woking have much higher concentrations of employment in Information and communication and professional, scientific and technical than the national average.

**Figure 24: Location Quotient of industry employment, HMA vs England, 2021**



Source: ONS, [Table 16](#), 2021

5.44 The number of new enterprises in Woking has increased more than the national average, the SE region, Guildford, and Runnymede between 2011 and 2021.

**Table 31: Number of businesses and % increase, HMA, 2011-2021**

Year	Woking	Guildford	Runnymede	South East	England
2011	3,940	6,250	3,555	328,015	1,780,825
2012	4,170	6,445	3,700	337,810	1,842,665
2013	4,205	6,540	3,735	339,965	1,862,100
2014	4,380	6,710	3,855	352,725	1,950,030
2015	4,715	7,105	4,040	377,445	2,116,295
2016	4,920	7,315	4,175	392,085	2,213,650
2017	5,090	7,440	4,265	403,680	2,320,885
2018	5,060	7,435	4,420	404,555	2,318,060
2019	5,055	7,500	4,360	414,975	2,360,780
2020	5,335	7,425	4,390	418,370	2,390,970
2021	5,450	7,360	4,455	420,185	2,405,965
<b>% increase</b>	<b>38%</b>	<b>18%</b>	<b>25%</b>	<b>28%</b>	<b>35%</b>

Source: [ONS](#), 2011 – 2021

- 5.45 Woking is in a relatively healthy position as regards containing a skilled workforce, strong jobs growth and access to centres of employment. The knowledge-based economy and a highly skilled workforce is significant asset to Woking’s economic resilience.

#### **Indices of Multiple Deprivation**

- 5.46 The English Indices of Deprivation measure relative levels of deprivation in 32,844 small areas in England. It is comprised of seven domains of deprivation that are appropriately weighted then combined. Included are: Income, employment, health and disability, education and skills training, crime, barriers to housing and services, and living environment.
- 5.47 Decile 1 represents the most deprived 10 per cent of neighbourhoods in England and Decile 10 represents the least deprived 10 per cent of neighbourhoods in England.

5.48 The table below displays the average decile ranking of WTC, Woking, Guildford, and Runnymede. All of the LAs are ranked highly, with Woking and Guildford ranked as around the least deprived 20% of areas, and Runnymede ranked as the least deprived 30%. WTC is ranked as around the least deprived 40% area.

**Table 32: Average IMD decile by LA, 2019**

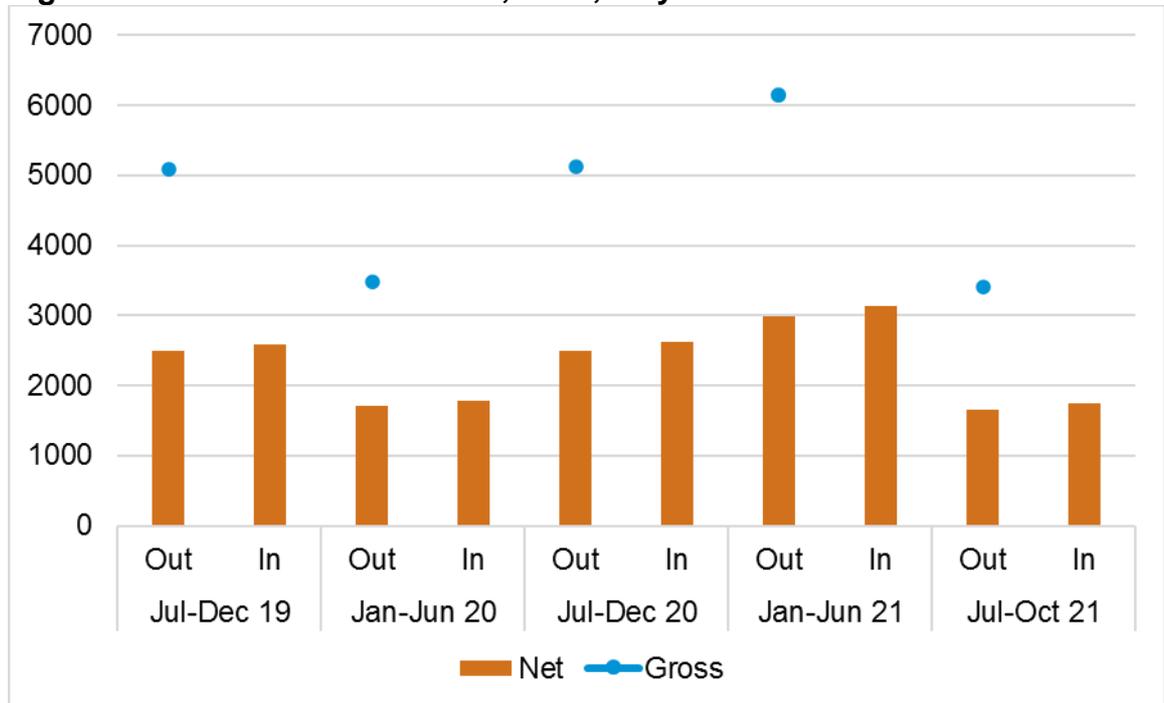
Local Authority	IMD decile
WTC (ward level)	6.3
Woking	7.9
Guildford	8.2
Runnymede	7.3

Source: [IMD](#), 2019

The Pandemic

- 5.49 The different phases of the ongoing Pandemic have seen dramatic changes in population mobility, both in terms of daily mobility to/from retail/recreation locations and workplaces, and in terms of domestic migration.
- 5.50 Statistics on domestic migration are typically only made available through ONS’ regular data releases, with little ‘real-time’ evidence available.
- 5.51 Royal Mail home movers data provides near ‘real-time’ data and provide a sense of how the Pandemic has impacted domestic house moves over time.
- 5.52 The below figure shows this data over the period of July 2019 to October 2021 based on the Royal Mail post sector relocation records. Both net flows and gross volume of home movers within the HMA are provided and analysed.

**Figure 25: Home movers record, HMA, July 2019 to October 2021**



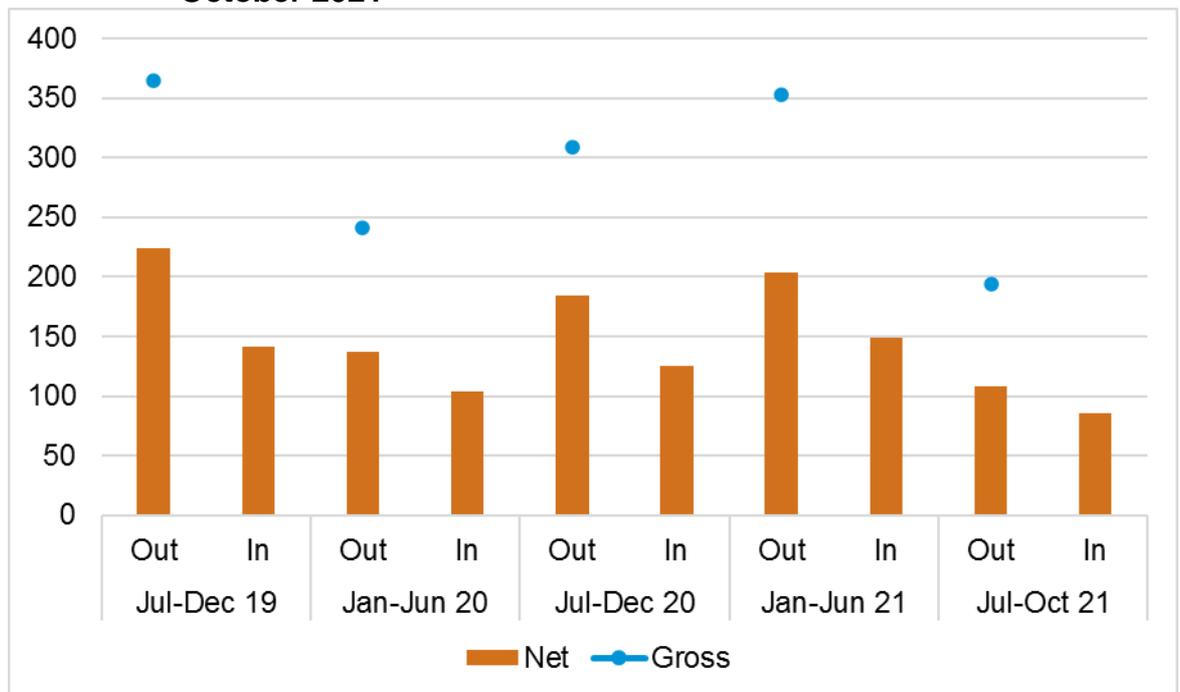
Source: GLH Analysis of Royal Mail data (2021)

- 5.53 The data points to a sharp decrease in home relocation flow in Jan-Jun 2020. By comparing this period in both 2020 and 2021, it is possible to discern the impact of national lockdown measures on gross relocation flows given that the former included the first of these episodes.
- 5.54 After the Pandemic situation has been stabilized and the lockdown was lifted, the relocation flow shows a significant increase, almost achieving a return to the gross figure before the Pandemic. The home movers' figure in the HMA continues to grow until the first-half period of 2021.
- 5.55 Based on the monthly trends, the home mover figures are expected to reach pre-pandemic levels in early 2022, assuming the Government is able to keep the virus in check.

5.56 In terms of the flow of net home movers, the “moving-in” flow is consistently higher than the “moving-out” flow, with the HMA overall showing a positive “moving-in” balance.

5.57 That said, as shown in the data below, the Royal Mail data shows Home Movers data relating to home movers in WTC. This shows that the “moving-out” flow is consistently higher than the “moving-in” flow throughout the pre-Pandemic and Pandemic period. This indicates that households, in recent years, preferred to relocate towards rural areas (on balance) rather than urban centres within the HMA.

**Figure 26: Home movers record, WTC (post sector level), July 2019 to October 2021**



Source: GLH Analysis of Royal Mail data (2021)

## Market signals - summary

5.58 The analysis of market signals results in the following key findings relating to housing market dynamics within relevant geographies,

- Woking's median house prices have increased by 191% between 2001 and 2021, which is higher than Guildford, Runnymede, and the South East region.
- Median rents in Woking are higher than the South East region and the national average, with rents in WTC similar to all regions in the HMA.
- Incomes in Woking and WTC have risen by 21% and 23% respectively between 2012 and 2018, which is the highest out of the HMA. That said, house prices have risen at a significantly faster pace over the same period.
- WTC's affordability ratio is greater than the South East region, and the national average, but is surpassed by Guildford.
- Out of the Local HMA, WTC and Woking have the highest levels of overcrowding and the lowest vacancy rates, which indicates a lack of supply.
- Woking's location places it within easy reach of a large labour market including London, Southampton and Guildford as well as Woking itself. The number of new enterprises in Woking has increased at a faster pace than the national average, the South East region, Guildford, and Runnymede between 2011 and 2021.
- Nearly a quarter of Woking's workforce is employed in the professional, scientific & technical sectors, which is significantly higher than the national average and the South East region. Furthermore, the information and communication sector also employs a significant percentage of the workforce, greater than the HMA.
- WTC and Woking are also ranked as one of the least deprived 40% and 20% of areas respectively in England.
- Due to Woking's strong employment opportunities in high-value sectors and their position on the IMD, it is a desirable place to live. However, Woking is also showing signs of being an over-heated housing market.
- A sharp decrease in home relocation flows is observed during the national lockdown measures of the Pandemic. However, relocation flow has recovered after the situation has been stabilized and the lockdown was lifted.
- During the Pandemic, WTC households tend to relocate towards rural areas rather than urban centres within the Local HMA.

**6 BUILD OUT RATES**

- 6.1 In order to arrive at an estimation of achievable build-out rates (BOR) for sites within the Woking Town Centre Site Development Schedule (WTCSDS) GL Hearn has gathered historic BOR from completed sites within Guildford and Woking since 2011 on both previously developed land (PDL) and greenfield sites (GF) larger than 10 units.
- 6.2 This data provides a benchmark against which comparisons can be drawn to test whether the BOR for sites identified in the WTCSDS is robust.
- 6.3 Also, by using a Compound Annual Growth Rate (CAGR), it has been possible to show the degree to which WTC and the Borough itself are laggards in the delivery of homes and whether faster delivery may be achievable in the event sites for development were made available.

Method

- 6.4 69 completed sites were included in the analysis. This enabled us to arrive at an average BOR for different sizes of site ranging from 10-49 units to 100-499 units. The table below shows the BOR for different sizes of the site based on sites that have been completed in Woking Town Centre's catchment area in recent years.

**Table 33: Average BOR for sites of different sizes**

Site size	Count of sites	BOR (units/year)	Guide BOR
1-9 units	205	466	2
10-49 units	63	1,185	19
50-99 units	3	154	51
100-499 units	3	168	56

Source: Council monitoring data

- 6.5 This shows that the average BOR for sites in the range within which most of the sites in the WTCSDS fall (100-499 units) is 56 dwellings per year (dpa).

6.6 However, given that all the sites in the WTSSDS are on PDL it is necessary to remove the greenfield sites from this analysis given that, on average, sites on PDL have slower BOR than GF sites. The table below presents the average BOR for sites on PDL. This suggests that sites falling in the two larger categories, 50-99 units and 100-499 units, produce 47 dpa.

**Table 34: Average BOR for sites of different sizes on PDL**

Site size	Count of sites	BOR (units/year)	Guide BOR
1-9 units	138	349	3
10-49 units	55	995	18
50-99 units	2	94	47
100-499 units	1	47	47

Source: Council monitoring data

6.7 To arrive at a “guide” BOR for sites of 500 units plus, it is necessary to refer to data gathered at the national level given that data from the HMA is not available. This suggests an achievable BOR for brownfield sites of this size is around 79dpa.<sup>18</sup>

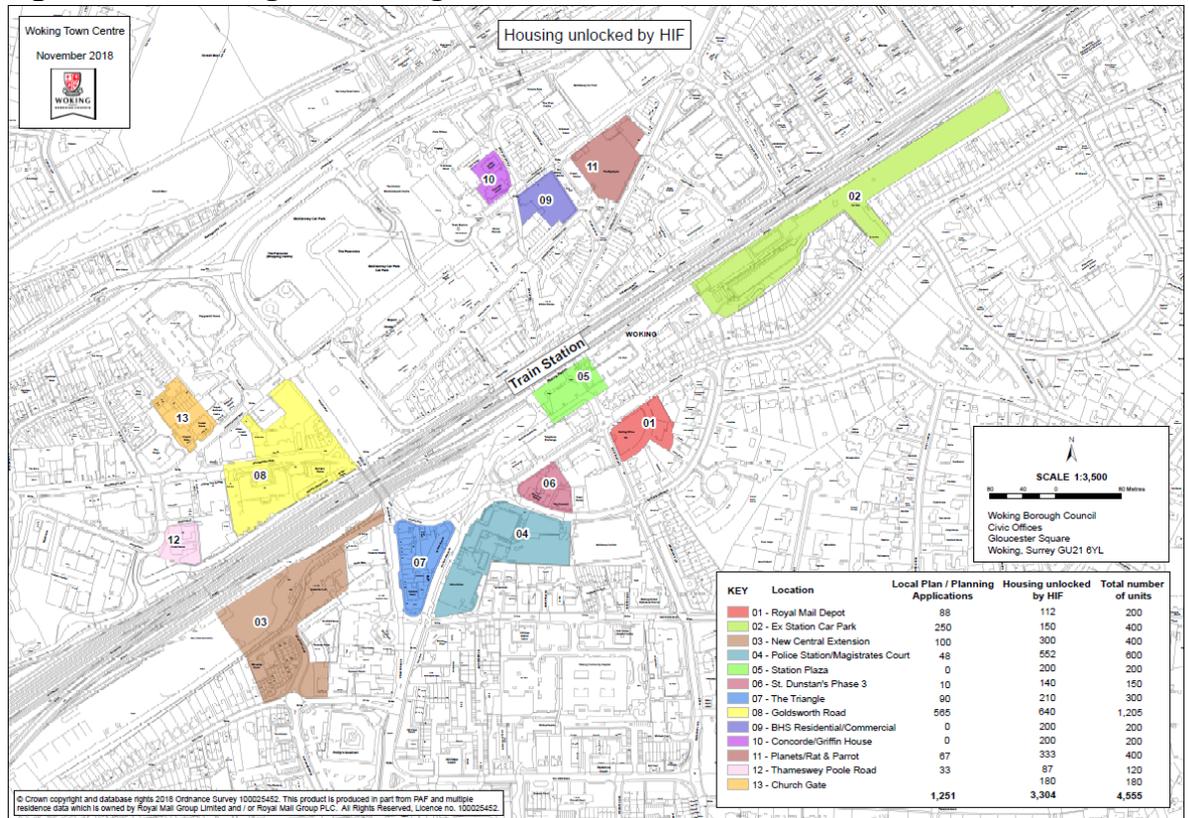
6.8 The figure below shows sites that constitute the WTCSDS. The capacity of future housing development is between 100 and 499 units for all but the following sites:

- No.4 - Police Station/Magistrates Court with a total of 600 units
- No.8 - Goldsworth Road with a total of 1,205 units

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<sup>18</sup> Lichfields “[Start to Finish](#)”

**Figure 27: Strategic Housing Sites in WTC**



Source: WBC, 2018

## CAGR

- 6.9 The Compound Annual Growth Rate (CAGR) of the housing supply employs home completion data from past years within different geographies to compare the growth rates of the housing stock within these geographies over a certain period.
- 6.10 It is also used to eliminate large fluctuations in the data to identify longer-term trends. In this study a comparison is drawn between growth rates in the housing stock of WTC, the Borough, the Local HMA, the county of Surrey and England. This is set out in the table to follow.

**Table 35: Home Built CAGR 2012-2021, WTC (OA level) and comparator geographies**

Area	CAGR 12-21	CAGR 12-16	CAGR 16-21
England	0.86%	0.76%	0.96%
Surrey	0.69%	0.59%	0.79%
Runnymede	0.88%	0.55%	1.22%
Guildford	0.67%	0.54%	0.80%
Woking	0.65%	0.70%	0.59%
HMA	0.72%	0.59%	0.85%
WTC	2.41%	2.23%	2.60%

Source: WBC, GBC (2021) / [ONS](#)

- 6.11 The CAGR can also be used to identify where it may be feasible to increase housing delivery in the future by identifying areas that have a CAGR that is significantly lower than the average within their local housing market.
- 6.12 Over the period of 2012 to 2021, the data suggests that the rate of growth in Woking has been relatively slow compared with the average for England and the HMA as a whole. However, this is not the case in Woking Town Centre; this area has seen an extremely higher CAGR of 2.41% compared with 0.72% in the wider HMA.
- 6.13 Given the housing market dynamics identified in this report, it is reasonable to conclude that the rate of delivery of homes in the Town Centre could remain at a high level in future years in the event the supply of development land were strengthened.

## Build out rate - summary

6.14 Based on the analysis of historic BOR, CAGR and literature review, the following key points are concluded:

- A BOR of 47dpa on sites on PDL of 50-99 units and 100-499 units is reasonable based on the BOR achieved on sites that have been completed in recent years.
- A BOR of 79dpa on sites of 500+ units is derived from research done on BOR at the national level.
- Over the period of 2012 to 2021, the CAGR in Woking has been relatively slow compared with the average for England and the HMA as a whole. However, this is not the case in Woking Town Centre which has seen a relatively higher CAGR of 2.41% compared with 0.72% in the wider HMA
- Given the housing market dynamics identified in this report, it is reasonable to conclude that the rate of delivery of homes in the Town Centre would remain at a high level in future years in the event the supply of development land were strengthened.

## **7 HOUSING MARKET SURVEY**

7.1 Thus far, the study has considered quantitative evidence. As in the original study, it has been necessary to carry out a housing market survey. The original report conducted telephone interviews with local estate and letting agents.

7.2 For the update, GLH has assembled a contact list of agents, housebuilders and planning consultants operating in the HMA and prepared questionnaires or short phone-call interviews related to the market conditions and respondents' appetite for bringing forward development.

### Sales agents

7.3 One questionnaire was received from a sales agent in Woking. Also, three were interviewed through phone calls. The following is the summary of their responses.

### **Market condition**

7.4 The market demand for residential sales in Woking and its Town Centre is high.

7.5 First-time buyers, households moving from London areas and new employment opportunities in Woking are driving the sales property demand.

7.6 These households are looking to buy 1-bedroom or 2-bedroom sizes of dwellings. They are looking for detached, semi-detached, or terraced house types.

7.7 Factors that influence the sales market includes the "Stamp Duty holiday" policy, the work-from-home trend, and interest rate.

7.8 Based on the comments from the sales agents, there might be an oversupply of flats in Woking. Also, new dwellings can remain unsold a year after completion due to high prices.

- 7.9 Sales agents commented that there is a shortage of family homes with 2-bedroom or 3-bedrooms. Also, there is insufficient stock supply located within walking distance to Woking train station.

### **Sales prospects**

- 7.10 Most sales agents expect house prices to be stable next year. One respondent expects the price to keep rising due to the high demand from the London area, newly formed households and current households seeking to downsize their homes.
- 7.11 The agents are uncertain about the price trend in the long term since it will be subject to several factors. These factors include Covid-19 Pandemic conditions, Government's interest rate policy and Energy performance policies.
- 7.12 Estate agents suggest that the inclusion in the land supply of relatively small development schemes (around 12 units per site) may be helpful in managing the supply of homes to avoid over-supply.

### Letting agents

- 7.13 Three letting agents are interviewed by short phone-call interviews. The following is the summary of the responses.

### **Market condition**

- 7.14 There is high demand for rented housing in the Woking area, in which the demand is coming from young professionals or family households.
- 7.15 There is a consensus between the agents that the rents in Woking were increasing. Based on the listing history, the rents have increased between 5% to 10% per year.

### **Letting prospects**

- 7.16 Two agents indicated that the rents will stop rising while one agent commented the increasing trend will continue for 18 months.

7.17 There is a rental property supply shortage of family homes of 3-bedroom dwellings. Also, due to the demand from young professionals, 1-bedroom apartments are undersupplied.

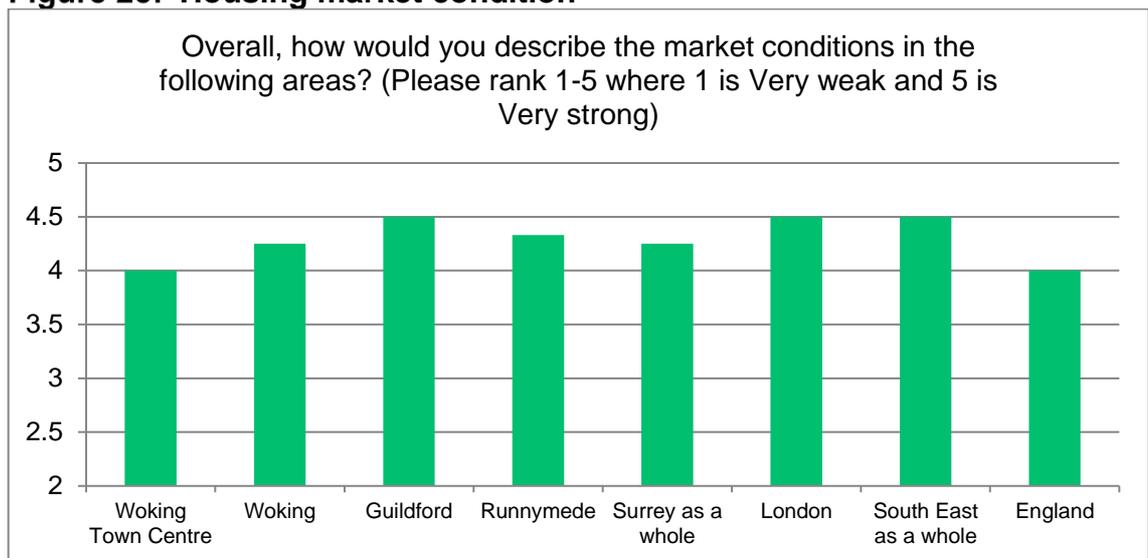
### Housing developers and Planning consultants

7.18 In total, there are five developers and planning consultants responded to the questionnaires.

### Market condition

7.19 Overall, the respondents consider the housing market of Woking Town Centre to have strong demand.

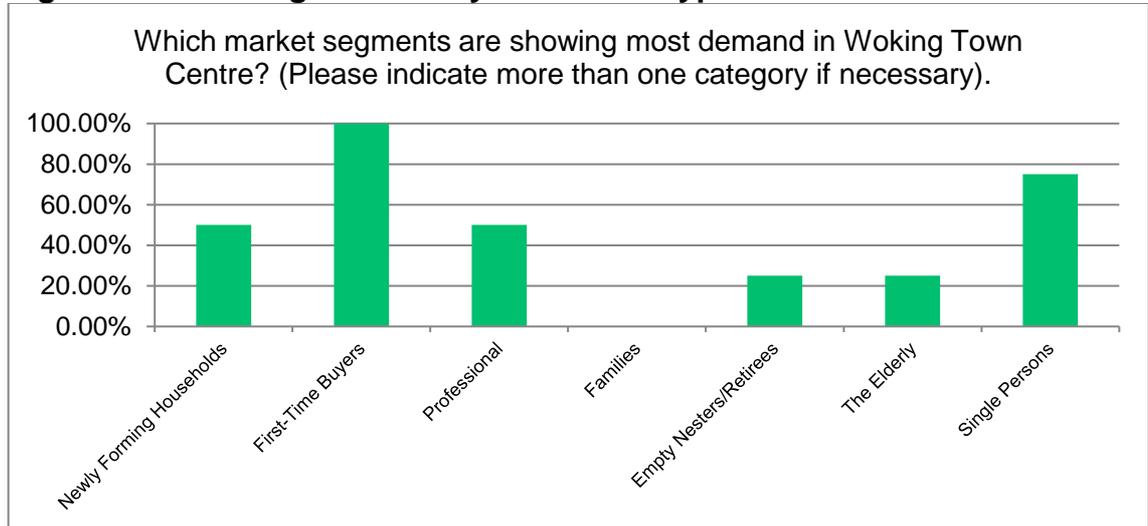
**Figure 28: Housing market condition**



Source: GLH analysis of responses to the market survey

7.20 As the below figure shows, this demand is driven by newly formed households, first-time buyers, or single persons.

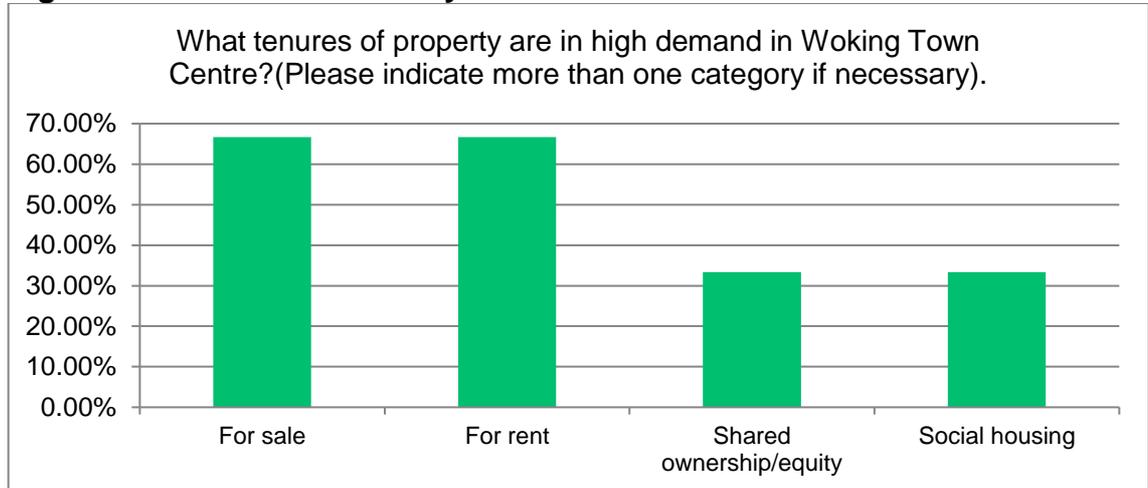
**Figure 29: Housing demand by household types**



Source: GLH analysis of responses to the market survey

7.21 The household demand is for both buying and renting homes. And all the respondents indicated that “flats” are in high demand in Woking Town Centre.

**Figure 30: Market demand by tenure**



Source: GLH analysis of responses to the market survey

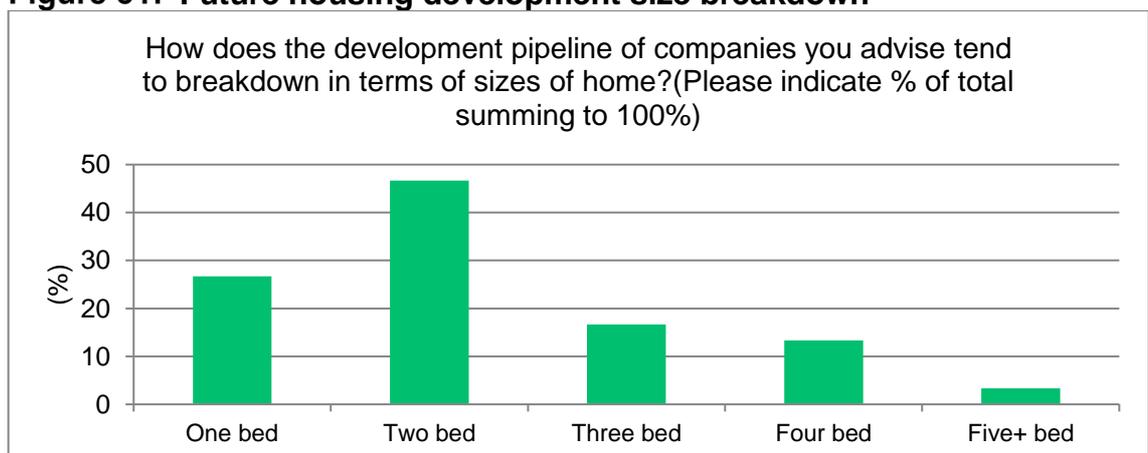
7.22 Developers and planning consultants indicated that, due to the high demand, home buyers’ origins are mainly other parts of Woking. Other households moving to Woking Town Centre are from elsewhere in Surrey county, Southeast region, or Greater London areas.

- 7.23 Overall, the impact of the Pandemic on the Woking Town Centre housing market is moderate. At the Woking Borough level, the market is slightly strengthened. However, the long-term effect is still uncertain as indicated by a respondent.
- 7.24 BREXIT policy is expected to have negative effects on their businesses, due to shortage of skilled labour, tradespeople or short-term material from the EU region.
- 7.25 Most of the respondents (75%) indicated that building materials and labour shortages have affected development capacity. This includes building cost inflation and delivery program delay.
- 7.26 The respondents have indicated that 97% of house sales were owner-occupied buyers with only 3% being domestic investors.

**Development prospects**

- 7.27 Most of the developers who responded to the survey are planning to put forward two-bedroom units (47%), followed by one-bedroom units (27%), in their development pipeline. Also, one planning consultant indicated a developer they work with is planning to deliver BTR flats with 70% of one-bedroom units and 30% of two-bedroom units in Woking Town Centre.

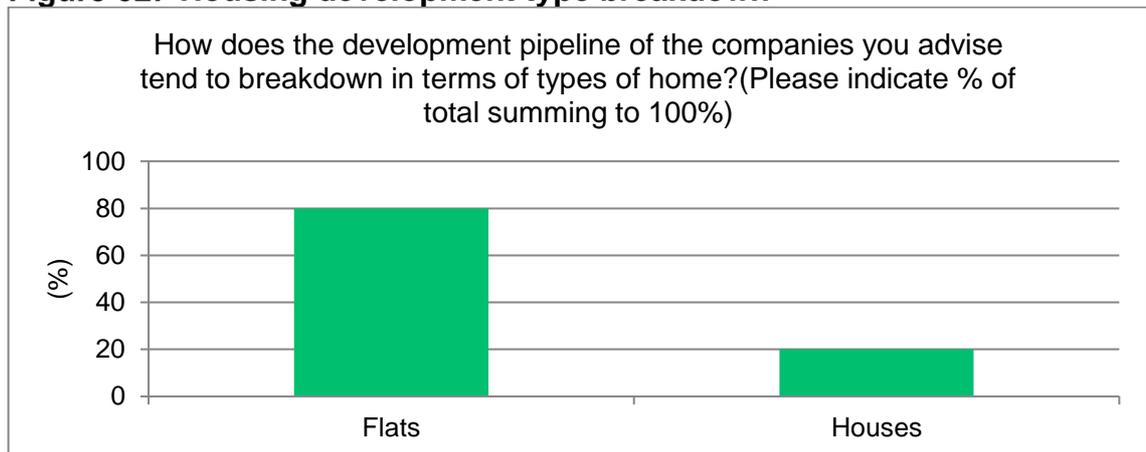
**Figure 31: Future housing development size breakdown**



Source: GLH analysis of responses to the market survey

7.28 Most of the respondents indicate that they or the company they advise are planning to deliver flats (80%) to the market. Also, they are mostly delivering dwellings for sale (57%), followed by “Build to rent” (33%).

**Figure 32: Housing development type breakdown**



Source: GLH analysis of responses to the market survey

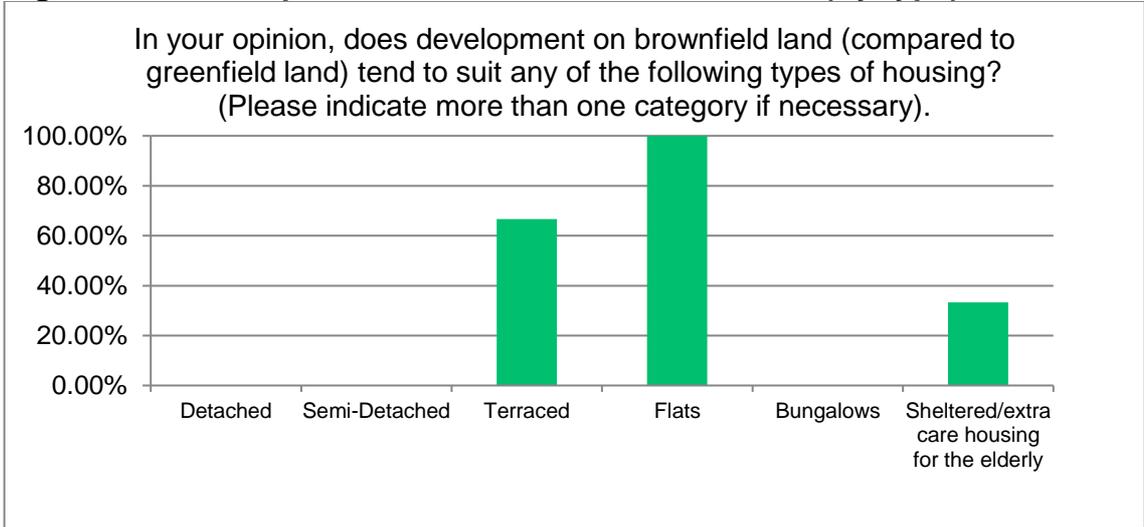
7.29 Developers and some planning consultants consider brownfield sites in Woking attractive for delivering housing and fulfilling the demand of first-time buyers or single households. This is because the land is in acutely short supply and there is strong housing demand in the area.

7.30 However, some planning consultants think brownfield sites are not attractive to home buyers because properties in high-rise development tend to be more expensive.

7.31 Also, they are concerned that bringing forward a number of brownfield sites at the same time may generate an oversupply in the market for flats.

7.32 Developers and planning consultants consider brownfield sites to be suitable for producing terraced houses, flats, or homes for older people. Also, regarding the housing tenure, these sites are considered suitable to deliver build-to-rent or social housing.

**Figure 33: Development suitable for brownfield sites (By type)**



Source: GLH analysis of responses to the market survey

- 7.33 The greatest difficulties indicated by respondents to deliver new homes in WTC are “Land availability” and “Site viability”.
- 7.34 However, the respondents all agree that the high market demand made Woking Town Centre an attractive place to deliver homes.

## Housing market survey - summary

7.35 The following key points summarise the market survey findings:

- There is a consensus between the respondents that both residential sales and rental markets have high demand.
- The housing market demand is driven by newly formed households, first-time buyers, single persons and working professionals.
- Developers consider the Pandemic to have had a moderate impact on the WTC housing market.
- BREXIT has caused building material and labour shortages and is expected to delay delivery programs and increase building costs.
- Developers indicate that 97% of house sales were to buyers seeking to occupy their homes with only 3% being domestic investors.
- Most developers consider brownfield sites in Woking attractive for delivering housing because the land is in acutely short supply and the demand for housing is strong.
- Also, brownfield sites are suitable for producing terraced houses, flats, or homes for older people. Also, regarding tenure, the sites are suitable for build-to-rent or social housing.
- The difficulties in delivering new homes in WTC are to do with “land availability” and “site viability.”

### **Sales market**

- The agents indicated that house buyers are looking for 1-bedroom or 2-bedroom units. The developers that responded to the survey are also planning to bring forward dwellings of these sizes to fulfil the demand.
- The house buyers’ origins are mainly other parts of Woking. Others are relocating from the South-East region and the Greater London area.
- Most of the dwelling types that will be delivered by the developers that responded to the survey are flats (80%) and built for sale (47%). With this in mind, two estate agents expressed a concern that there could be an over-supply of flats.
- The agents indicated that households are looking for detached, semi-detached, or terraced house types.
- However, where dwellings carry high prices, there is a possibility that they will remain unsold after a year of completion.

- The agents commented that there is a shortage of family homes with 2-bedroom or 3-bedroom units in Woking Town Centre.
- Most sales agents expect house prices will be stable next year while the long-term price trend is uncertain.
- Estate agents suggest that the inclusion in the land supply of relatively small development schemes (around 12 units per site) may be helpful in managing the supply of homes to avoid over-supply.

### **Rental market**

- There is a consensus between the agents that the rents in Woking were increasing, with a rate between 5% to 10% per year.
- The agents indicated that the rents in Woking will be stable or continue to rise in the coming year.
- Trends in rents are likely to reassure developers that their viability modelling is unlikely to be compromised by the volume of the pipeline of supply of BTR.
- A supply shortage of family homes of 3-bedroom dwellings has also been observed. Also, due to high demand from young professionals, 1-bedroom apartments are under-supplied.
- The developers that responded to the survey are delivering 33% of “Build to rent” dwellings in their development pipeline, of which most will be flats.
- A planning consultant indicated that a developer they work with is planning to deliver BTR flats in WTC with 70% of one-bedroom units and 30% of two-bedroom units in the overall scheme.

## **8 WOKING TOWN CENTRE TRAJECTORY**

8.1 This chapter brings together the evidence assembled from previous chapters to arrive at an achievable trajectory for the sites included in the Woking Town Centre Site Development Schedule.

8.2 Before moving to construct a trajectory, it is worth, firstly, considering whether the threat of competition within the housing market in WTC is likely to limit the BOR achieved within individual schemes and, secondly, taking a de-tour to look at what BOR has been achieved at other comparable areas. These are Croydon, Stratford, Wembley and Guildford Town Centres.

### Competitor Behaviour

8.3 As was noted in the original study, the achievable BOR in Woking Town Centre may be influenced by whether developments of a similar scale and type are being delivered over the same period in the same Local HMA, as these rival developments are likely to dilute demand and exert a moderating influence on prices achievable in the Town Centre.

8.4 Working from data provided by councils the trajectories of relevant authorities have been disaggregated by address, type (greenfield and brownfield) and size.

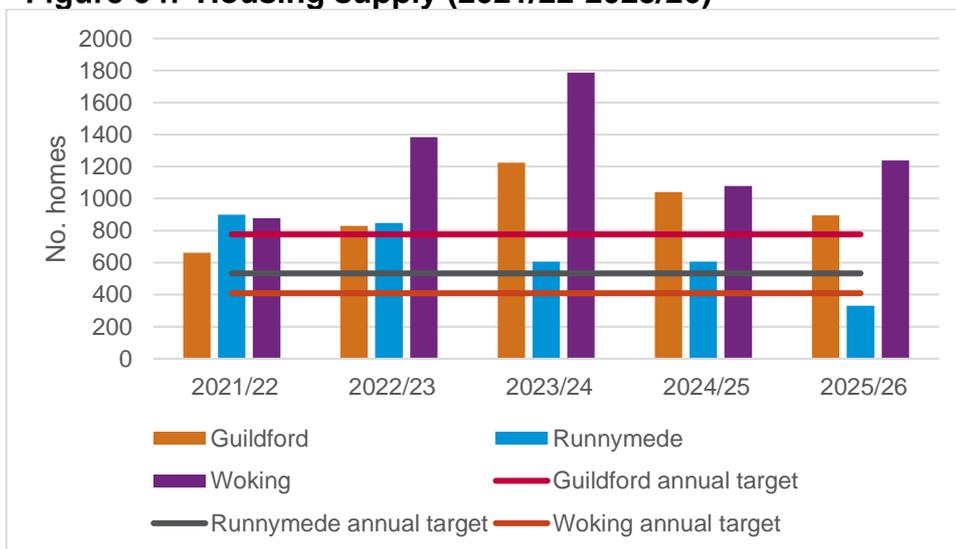
8.5 This provides a baseline housing supply, showing the strength of supply within those authorities with whom WBC shares a relationship. It also sets out a list of developments that, in theory, may be in competition with those coming forward in WTC.

## Supply of homes

8.6 The figure below sets out the expected supply of homes over the next five years from the three council areas that form the catchment area for Woking Town Centre, Guildford, Runnymede and Woking.

8.7 This suggests that each of the Councils is expecting to meet its housing target over this period. It also indicates that the forward supply of sites is strong over this five-year period.

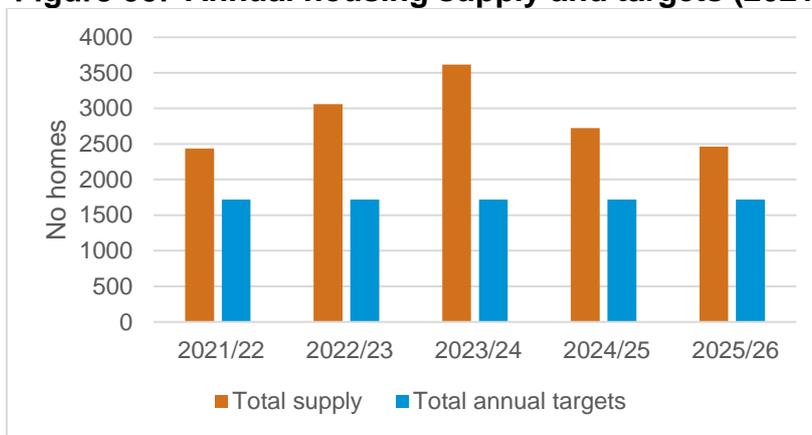
**Figure 34: Housing supply (2021/22-2025/26)**



Source: Local Authority monitoring

8.8 The chart below presents the total number of homes expected to be delivered each year together with the total housing annual housing targets. This shows that the area is expected to generate enough homes to meet evidenced needs.

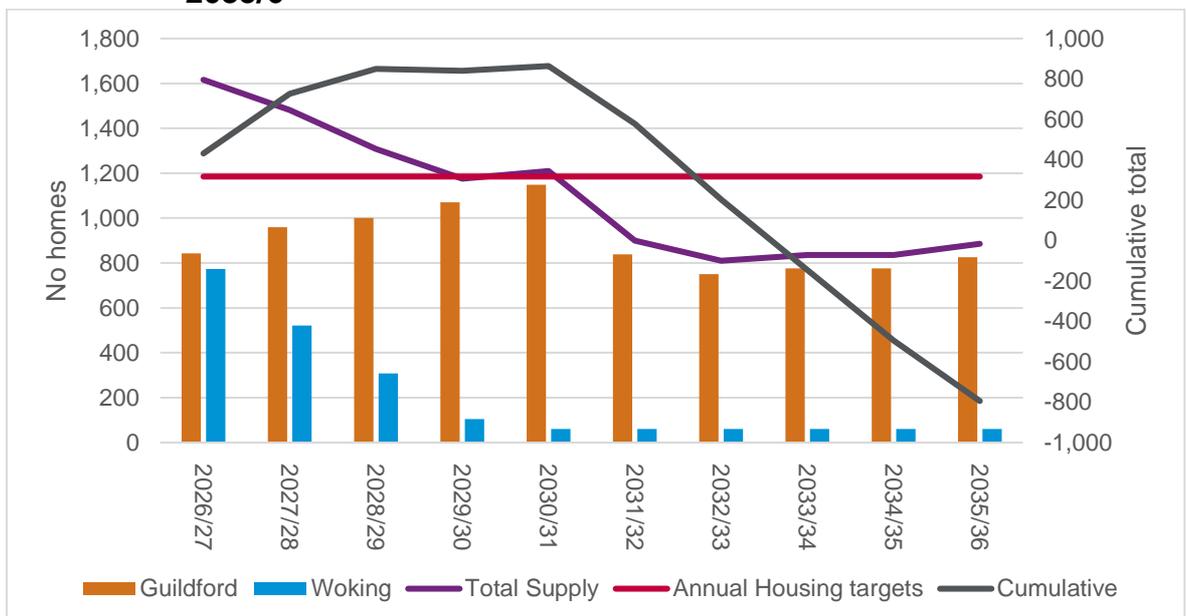
**Figure 35: Annual housing supply and targets (2021/22-2025/26)**



Source: Local Authority monitoring

8.9 Guildford and Woking Councils have also provided data supporting their housing trajectory over the period 2026/7 – 2035/6. This is shown in the figure below and indicates that Guildford has a substantial forward pipeline of sites. The supply for Woking is more modest in comparison. Overall, by 2035/6 there is a cumulative shortfall over the period of around 800 dwellings.

**Figure 36: Housing land supply and targets, Guildford and Woking 2026/7-2035/6**



Source: Councils' monitoring data

- 8.10 The conclusion that can be drawn from this analysis is that there is likely to be a significant under-supply of dwellings within the catchment area of Woking Town Centre by the early 2030s unless the land supply pipeline is substantially strengthened.
- 8.11 However, based on the feedback from the property agent survey, the risk of over-supply exists on account of the bias in the for-sale market towards flatted developments.
- 8.12 Although the market conditions show the strength of demand, it is recommended that a cap is applied to the forecast supply of for-sale units to reflect a scenario in which developers reduce the BOR within a given development in order to avoid “flooding” the housing market and exerting unacceptable downward pressure on prices.

### Case Studies

- 8.13 By way of a benchmark, an examination has been carried out of the number of homes that have been built in similar large scale development locations within the wider South East. The areas identified as being similar are Croydon, Stratford, Wembley and Guildford Town Centres.
- 8.14 These areas have been selected on the basis they share Woking's reliance on the London City Region economy and are frequently cited as part of the region's evolution into a poly-centric spatial plan, with these sites (in particular Croydon and Stratford) as key growth nodes. This is not dissimilar from Woking's economic development vision articulated in the Woking Economic Development Strategy document<sup>19</sup>.

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<sup>19</sup> Woking Economic Development Strategy, page 3

8.15 The table below sets out what has been achieved in these areas. Apart from Guildford, they have similar affordability pressures with Woking and have seen the delivery of a substantial number of dwellings in recent years. This provides evidence that, given the right balance of size and tenure of homes, as well as the timely provision of supporting infrastructure, a high BOR is achievable in WTC.

**Table 36: Comparable Town Centre areas**

Area	Croydon Town Centre	Stratford Town Centre	Wembley Growth areas	Guildford Town Centre
Local Authority	Croydon	Newham	Brent	Guildford
Affordability Ratio (2020)	11.34	11.98	14.66	12.21
Population (2020)	59,629	54,127	100,388	20,031
Net new homes	3,741	1,694	3,403	200
Build out period	2016-2020	2016-2018	2015-2020	2015-2020
No. years	4	2	5	5
Average BOR	935	847	681	40
BOR per population	0.016	0.016	0.007	0.002
Source	<a href="#">Authority Annual Monitoring Reports</a>	<a href="#">Authority Monitoring Reports, Housing Monitoring Bulletin Excerpt (December 2021)</a>	<a href="#">Authority Annual Monitoring Reports (2016-2020)</a>	Guildford Borough Council (2021)

8.16 To investigate whether the diversity of tenure is a strong driver of high BOR, the table below illustrates the balance of the market to Affordable Housing as noted in the respective local authorities' Annual Monitoring Reports (AMR).

- 8.17 The AMRs do not break down the proportion of market housing that fell into “for-sale” and “PRS”. However, the lead developer in Wembley, Quintain, has made clear BTR will constitute a large share (71% or 6,044 units) of the 8,500 units coming forward around the National Stadium.<sup>20</sup> Also, one-third of the new dwellings are to be Affordable Homes.
- 8.18 Since the new master plan was approved by Brent Council in May 2016, Quintain has built out 4,320 homes on the Wembley sites. This equates to average BOR of 864 homes per annum in Wembley during the period 2017 to 2021.<sup>21</sup>
- 8.19 As regards Stratford Town Centre, the transition from industrial location to Olympic site to London neighbourhood has included the delivery of a substantial number of PRS units. This includes the "Get Living London" scheme forming part of the "East Village" (the former Olympic Athlete’s Village close). Get Living is a specialist BTR developer and their scheme in Stratford comprises 1,379 PRS dwellings.

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<sup>20</sup> <https://www.quintain.co.uk/wembley-park/masterplan> (visited 12/01/22)

<sup>21</sup> <https://www.quintain.co.uk/wembley-park/construction> (visited 12/01/22)

**Table 37: Tenure split within comparable Town Centre areas**

<b>Croydon</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>	
All homes	1401	1137	668	535	
Affordable Housing (all)	66	53	126	185	
Market	1335	1084	542	350	
AH (%)	5%	5%	19%	35%	
<b>Stratford</b>	<b>16/17</b>	<b>17/18</b>			
All Homes	1082	612			
Affordable Housing (all)	173	73			
Market	909	539			
AH (%)	16%	12%			
<b>Wembley</b>	<b>15/16</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>
All homes	161	371	614	561	1696
Affordable Housing (all)	8	82	98	142	524
Market	153	289	516	419	1172
AH (%)	5%	22%	16%	25%	31%
<b>Guildford</b>	<b>15/16</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>
All homes	90	45	33	10	22
Affordable Housing (all)	24	17	0	0	22
Market	66	28	33	10	0
AH (%)	27%	38%	0%	0%	100%

Source: Local Authority AMRs

8.20 The case studies, therefore, offer substantial evidence that tenure diversity, in particular the presence of a substantial element of Affordable Housing provision (e.g., Croydon), contributes to higher BOR on the basis that different tenures appeal to different markets segments. This was one of the key findings of the [Lewin Review](#), a report commissioned by the government in 2018 looking into how the pace of development could be increased.

## The WTCSDS trajectory

8.21 The BOR that is achievable at these sites is strongly influenced by the mix of tenures at each. This comprises three broad groupings each of which appeals to different, though overlapping, markets.

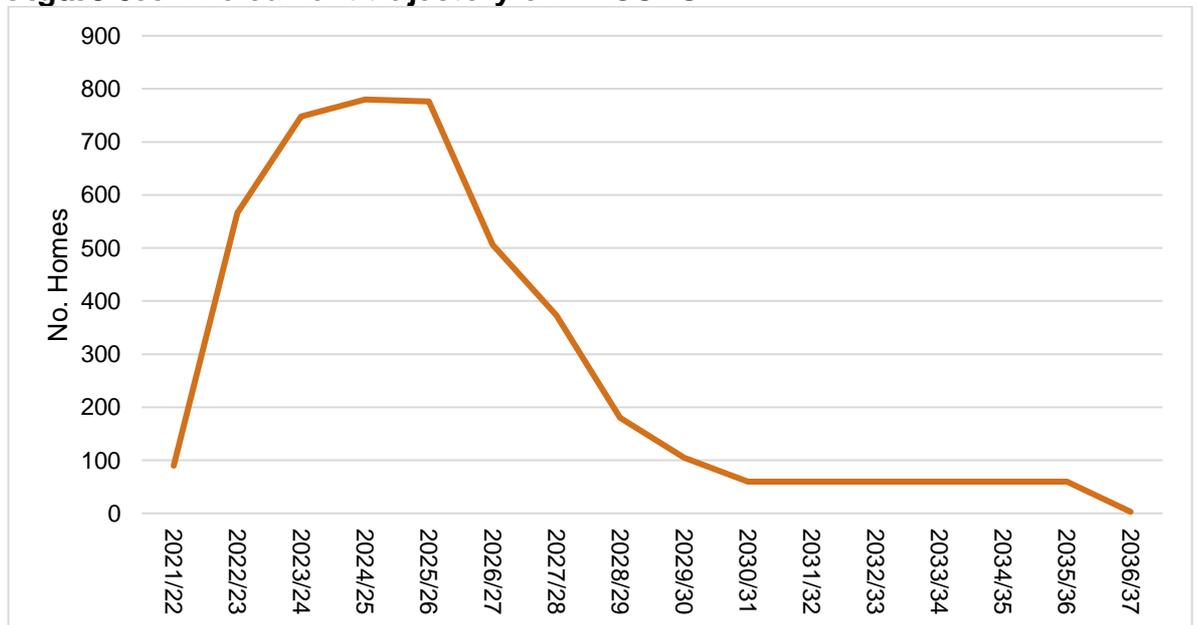
- market and affordable sale;
- market rent; and
- affordable rental dwellings.

8.22 Has been expressed as a trajectory over a forecast build-out period.

### Current trajectory

8.23 The current trajectory of the sites that comprise the Town Centre as set out in the Woking land supply pipeline is set out in the figure below. This indicates a peak of just under 800 dpa in the year 2024/25, before falling back sharply from the year 2025/26.

**Figure 37: The current trajectory of WTCSDS**



Source: WBC

- 8.24 In assessing the plausibility of bringing forward development in WTC in line with the rate envisaged in the WTCSDS, it is important to recognise that different tenures operate within broadly separate markets and may be brought forward at the same without causing an over-supply within any one market.
- 8.25 Having said this, the risk of over-supply does exist, but only where supply substantially exceeds demand for any one tenure. Based on the evidence gathered as part of the market survey, the flatted developments in the for-sale market may be vulnerable to over-supply.
- 8.26 It is, therefore, appropriate to divide out the tenure types to assess whether the trajectory set out in the WTCSDS is realistic, on the basis of the evidence in this report has been able to gather.
- 8.27 To achieve granularity within these assessments, the “guide” BOR established in Chapter 5 is applied to the projection for “market and affordable sale” dwellings. For “market rent” (BTR) and “affordable rent” homes, the evidence of demand and supply balance, market signals and market survey are assessed to form a blended judgement as to a BOR that is achievable.

#### **Market and affordable sale**

- 8.28 A “guide” BOR derived from the pace at which homes have been delivered on sites completed in the Local HMA in recent years has been used to test the feasibility of the trajectory of sites bringing forward for-sale development in the WTCSDS. The “guide” BOR provides the following assumptions:
- a realistic BOR for developments of the market and affordable sale dwellings in WTC is 47 dwellings per annum (dpa) for a brownfield site of 100-999 units;
  - this increases to 79 dpa for a brownfield site of 1000-1499 units.

- 8.29 Applying the “guide” BOR to sites bringing forward for-sale development in the WTCSDS has resulted in the projected rate of delivery of market and affordable sale dwellings being adjusted substantially.
- 8.30 Also, the evidence suggests there is a risk of over-supply of flats in WTC in the event too many for-sale schemes come forward at the same time. In this scenario, individual developers may reduce BOR to protect their margins.
- 8.31 To address this scenario, a cap of 180 for-sale units being delivered in any one year is applied to the forward trajectory.<sup>22</sup>
- 8.32 Based on these assumptions, the revised trajectory for the market and affordable sale component of the WTCSDS is set out below.

**Table 38: Adjusted BOR of market/affordable sale dwellings**

Site Ref & Information				Actual / Expected Trajectory																		
Site name / address	Net Capacity (housing units)	Site size	Start year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Royal Mail Depot	200	100-499 units	2022/23	0	38	32	32	27	8	7	7	7	7	7	7	7	7	7	0	0	0	0
Ex Station Car Park	260	100-499 units	2025/26	0	0	0	0	18	20	22	22	22	22	22	22	15	15	15	15	15	15	0
New Central Extension	400	100-499 units	2021/22	47	38	32	32	27	31	35	35	22	22	22	22	22	13	0	0	0	0	0
Police Station/Magistrates court	600	500-999 units	2022/23	0	38	32	32	27	31	38	38	43	43	43	43	43	47	47	47	7	0	0
Goldsworth Road	1205	1000-1499 units	2022/23	0	65	53	53	45	53	57	57	65	65	65	65	74	78	79	79	79	79	79
Planets/Rat & Parrot	116	100-499 units	2024/25	0	0	0	0	9	11	13	13	14	14	14	14	12	1	0	0	0	0	0
Church Gate	180	100-499 units	2023/24	0	0	32	32	27	26	7	7	7	7	7	7	7	7	7	1	0	0	0

Source: GLH calculation of WBC data

<sup>22</sup> The suggestion here is not that WBC impose a cap, but that for the purposes of identifying an over-arching trajectory a limit, determined by market forces, is assumed.

## **Market rent/affordable rented housing**

### **Market rent**

8.33 To arrive at the BOR for Market Rent (build to rent) dwellings GL Hearn has examined the evidence from demand and supply balance; market signals; and responses to the market survey to form a blended judgement.

#### *1. Demand and supply balance*

8.34 The substantial growth of households living in the PRS in WTC has been observed over the 2001-2011 period (increased 135%). This accounts for 23% of PRS growth in the Borough as a whole. The proportion of WTC households living in PRS dwellings in the past ten years (2011-2021) is expected to achieve a higher level.

8.35 It has been observed that rents are rising in WTC. Also, the rate of increase is significantly higher than other councils in the Local HMA. This indicates the housing demand for rental dwellings has been increasing in recent years.

8.36 Woking is close to large labour markets in which new enterprises have emerged rapidly in recent years. Also, a large proportion of the workforce is employed in sectors that require highly skilled professionals.

8.37 Market signals indicate high demand in the rental market. Based on the household growth trends of WTC, demand is expected to grow in future years.

8.38 Given the strong demand for rental properties, PRS dwellings can be delivered relatively quickly. A benefit of this will be to stabilise rents in the short term and suppress rapid increases in the coming years.

8.39 Lastly, the household income of WTC and the wider Borough have been increasing in recent years. The rate of growth is the highest among the other councils in the Local HMA. Assuming this growth continues, rental affordability will improve but it may also feed through to high demand for BTR dwellings.

*ii. Market Survey*

8.40 The letting agents that responded to the survey show a consensus that rents in WTC are increasing. They state that the rents will either be stable or continue to rise over the next twelve months. That said, they are uncertain as to the longer-term since it is subject to various factors (BREXIT policy, Covid-19 condition, Interest rate, etc.).

8.41 In the short term, trends in rents are likely to reassure developers that their viability modelling is unlikely to be compromised by a strong pipeline of supply. Also, a large proportion of the rental demand comes from young families or working professionals with a need for a range of sizes of homes. The diversity of rental demand this implies, ranging from 1-bedroom to 3-bedroom of homes, will reduce the risk of over-supply.

8.42 The developers that responded to the survey are planning to deliver 57% of “Build for Sale” and 33% of “Build to Rent” (BTR) dwellings in their development pipeline, of which most will be flats. Although the proportion of PRS dwellings in the WTCSDS is less than the market sales homes, most developers have found brownfield sites in Woking attractive for delivering BTR housing.

8.43 The WTCSDS sites are mostly brownfield. Given the high demand for rented dwellings in the area, developers that responded to the survey consider these sites to be attractive for BTR development.

8.44 Bringing demand and supply balance, market signals and the market survey evidence together, this report finds there is strong demand for rented properties in WTC. This suggests the BOR forecast in the WTCSDS is realistic for BTR development.

8.45 The table below sets out the BOR for sites of Market Rent dwellings.

**Table 39: Adjusted BOR of Market rent dwellings**

Site Ref & Information				Actual / Expected Trajectory																		
Site name / address	Net Capacity (housing units)	Site size	Start year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Station Plaza	130	100-499 units	2025/26					33	44	44	8											
The Triangle	105	100-499 units	2023/24			26	45	34														
BHS Residential/Commercial	130	100-499 units	2022/23		11	44	44	31														
Concord/Griffin House	130	100-499 units	2023/24			16	65	49														
Planets/Rat & Parrot	216	100-499 units	2024/25				6	139	71													

Source: GLH calculation of WBC data

### Affordable rent

8.46 As with PRS dwellings, demand and supply balance, market signals and the market survey evidence are analysed to arrive at the likely BOR position for affordable rent homes.

#### i. Demand and supply balance

8.47 WTC accounts for a high share of the Affordable Housing, indicating the suitability of the Town Centre as a location for additional Affordable Housing units.

8.48 However, over the period 2011 to 2020, Affordable Housing has comprised 17% of the total delivery at the Borough level. This delivery level does not achieve the Council's current policy of 35% delivery of Affordable Housing on qualifying schemes.

8.49 Given the suitability of WTC to the provision of Affordable Homes and the lack of new provisions highlights the importance of bringing forward development in WTC.

8.50 In terms of demand, there is likely to be a very high demand for Affordable Housing since this type of accommodation is below market rates.

ii. *Market survey*

- 8.51 As letting agents indicated, rents in Woking may increase in the coming year by between 5% to 10%. This suggests that increasing numbers of households may fall in need of Affordable Homes in future.
- 8.52 Given the availability of grant funding, planning consultants and developers have commented that brownfield sites are suitable for providing social housing for rent. The difficulties that developers are concerned about are the availability of land or the viability of sites.
- 8.53 Given the market condition and the affordability issues indicated by the market survey responses, the BOR forecast in the WTCSDS is realistic for affordable rental housing development.

**Table 40: Adjusted BOR of Affordable rent dwellings**

Site Ref & Information				Actual / Expected Trajectory																		
Site name / address	Net Capacity (housing units)	Site size	Start year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Ex Station Car Park	140	100-499 units	2025/26					32	42	30	21	16										
Station Plaza	70	100-499 units	2025/26					18	24	24	5											
St Dunstan's Phase 3	150	100-499 units	2022/23		19	76	55															
The Triangle	195	100-499 units	2023/24			48	96	51														
BHS Residential/Commercial	70	100-499 units	2022/23		6	24	24	16														
Concord/Griffin House	70	100-499 units	2023/24			9	35	26														
Thameswey Poole Road	120	100-499 units	2022/23		80	40																

Source: GLH calculation of WBC data

What trajectory is achievable?

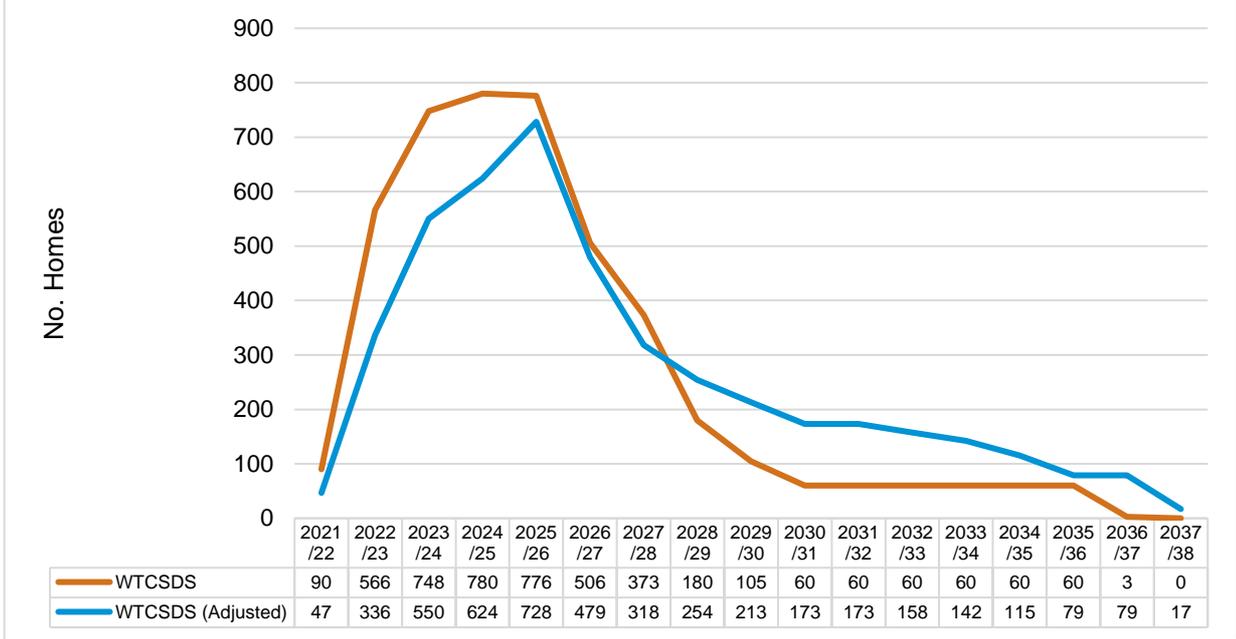
- 8.54 Bringing the evidence together, the revised trajectory for the WTCSDS is set out below. This provides a comparison between the current trajectory (the orange line) set out in WBC's housing trajectory with the revised trajectory reflecting the market evidence put forward in this study (the blue line). The latter set outs what, in the opinion of GL Hearn, is an achievable trajectory for the sites in the WTCSDS.

- 8.55 It is notable that the revised trajectory is substantially flatter than the current trajectory, with a revised peak of 728 dpa achieved in 2025/26 (compared with 780 dpa achieved in 2024/25 in the current trajectory). This is principally due to concerns about the ability of the Local HMA to absorb for-sale homes at the rate envisaged in the WTCSDS trajectory.
- 8.56 It is worth noting that the revised trajectory still delivers 51% of total the capacity of the WTCSDS sites in the period 2021/22-2025/16 (five years) and 87% in the period 2021/22 – 2031/22 (ten years).
- 8.57 The revised trajectory, therefore, retains the rapid build-out of rented tenures but foresees a slower release of for-sale units into the market. In developing this trajectory it has been important to be mindful that the rates of development in the revised trajectory are still unprecedented in WTC.
- 8.58 That said, over the period of 2012 to 2021, the compound annual growth rate<sup>23</sup> (CAGR) in Woking has been relatively slow compared with the average for England and the HMA as a whole. However, the case in Woking Town Centre shows a higher CAGR of 2.41% compared with 0.72% in the wider HMA, a difference of some 330%.
- 8.59 Therefore, given the housing market dynamics identified in this report, it is reasonable to conclude that the rate of delivery of homes in WTC would remain at this substantial level in future years in the event the supply of development land were strengthened. This has been achieved in comparable town centre locations, such as Wembley, Croydon and Stratford, as identified in this report.

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<sup>23</sup> The CAGR of homes delivered shows the average annual rate of growth of new homes in a given geography between two points in time. It allows comparisons to be drawn in growth rates between a number of geographies of different scales.

**Figure 38: Adjusted BORs based on the WTC site development schedule**



Source: WBC, GLH calculation

## 9 VIABILITY

- 9.1 As part of the report, the viability of the individual Town Centre sites has been reviewed to determine if the proposed tenure mix for the sites produces a financially viable scheme. We noted in our previous report that the proposed tenure mixes for some of the sites does not meet Woking council's own policy for affordable housing and we continue to raise this as a risk for achieving planning permission and for the interest from developers and housing associations.
- 9.2 It is assumed that the sites include all those who were originally reviewed as part of the HIF programme.

### Economic Overview

- 9.3 Our initial report started before the global Pandemic and was completed partway through 2020 after the initial lockdown and the cessation of the housing market. The market has been volatile with housing transactions at an almost complete standstill at the beginning, to the race to achieve legal completion ahead of the end of the stamp duty holiday and the rise in house prices in many of the UK regions as people started to re-evaluate their living choices and look for more space internally to accommodate working from home and green spaces externally.
- 9.4 House prices rose by 0.9% in November according to Nationwide with house price growth remaining strong at 10% and whilst there have been some signs of cooling in the housing market, that is attributed to the end of the stamp duty holiday and was therefore expected. Activity has been buoyant in 2021 however the outlook remains uncertain due to the omicron variant and the increase in the cost of living. For the first time in three years, the Bank of England Base interest rate has risen from 0.1% to 0.25% to counter the rate of inflation which is steadily increasing and is the highest in a decade at 5.1% with expectations to rise even further early next year.

- 9.5 High house prices relative to average earnings continue to make raising a deposit a significant barrier to first time buyers with a 20% deposit equivalent to 110% of average income. Despite low mortgage rates, the comparative cost of servicing a typical mortgage is becoming more challenging for those on average earnings.

### Local Market

- 9.6 Whilst house prices in Woking itself have overall increased from January 2020 to October 2021 by 7.25%, they have remained broadly static for flats which is a trend GL Hearn has seen throughout 2021. Flats with good quality amenity space or close to parks and outdoor areas are more popular and can command higher values than those with little or none, based on experiences from the first lockdown. There is a difference between using trends and averages compared to site-specific comparable evidence and whilst flats in Woking have on the whole remained static, our research has shown that apartments in the Town Centre seem to have been disproportionately affected by this desire for a change of lifestyle and we note a reduction in the value of up to 10% from the original report. This is also coupled with a cautious market given the reasons above.
- 9.7 Woking is an attractive town with good links to the capital and can build on this trend to move away from London with its affordability issues, to provide more internal and external space at lower values now that many people can work more flexibly. The increasing issue of affordability means that both the sales and BTR markets should remain popular for those commuting to London who can't afford the high prices of the capital and those either not ready or not able to buy. Well-designed spaces which incorporate the ability to work from home without this encroaching too much on family life will also be important going forwards from both a sale and market rent perspective.

## Build costs

- 9.8 Build costs have increased exponentially due to worldwide demand following the release of lockdowns, problems with transportation and shut-downs caused by the Pandemic. Labour costs have increased due to a shortage of construction workers caused by Brexit; an increasingly older workforce many of whom are retiring and the level of demand.
- 9.9 The RICS has reported that they expect tender prices to rise by 3.4% in the first quarter of 2022 compared with a year earlier with tender prices forecast to rise ahead of input costs, by 4% per annum.

## Lettings

- 9.10 Tenant demand growth appears to be accelerating with fifty per cent of the RICS survey participants reporting an increase in the three months prior to October. Landlord instructions however remain in decline as it has been over the past twelve months. Given the imbalance between supply and demand, rental growth expectations continue to see rises over the next three months.
- 9.11 According to Rightmove's quarterly reports, tenants are moving back to cities which have led to rental growth in some of the UK's biggest city centres. They report that rents are rising at the fastest rate ever recorded now up 8.6% annually outside of London.
- 9.12 Home let data indicates that rents are up 8.6% at the same time last year but down 0.1% from last months figures. They report that demand for rented units remains high and that the market has been exceptionally resilient throughout 2021.

9.13 In their November bulletin, the Office for National Statistics reports that private rental prices paid by tenants in the UK rose by 1.7% in the 12 months to November 2021 and similarly to other bodies reported a decrease in the rental stock available. They report that the lowest annual rental price growth was in London where rental prices decreased by 0.1% in the 12 months to November 2021.

9.14 Whilst we have seen a reduction in the capital value of apartments in Woking Town Centre, the lettings market on the other hand has seen rises and Market Rents have increased since the original report was issued. We have used the following in our appraisals:

- 1 bed £230 pcm
- 2 bed £300 pcm
- 3 bed £385 pcm

9.15 We have included a 20% premium for the BTR products which provide purpose-built modern homes with additional facilities compared to the traditional private rented sector.

- 1 bed £276 pcm
- 2 bed £360 pcm
- 3 bed £462 pcm

### **Policy**

9.16 As previously noted, the proposed tenure mix for the Sites does not meet Woking BC's own policy for 40% Affordable Housing on sites of 15 or more dwellings or on sites of over 0.5ha with a tenure split of 70% social/affordable rent and 30% as intermediate. This variance to policy poses a risk to the development of the sites as it could affect the ability to achieve successful planning permission for the developments and it is likely that developers could argue for less Affordable Housing on viability grounds.

9.17 First Homes has now been introduced as an alternative Affordable Housing sales policy which is currently not captured in Woking’s Affordable Housing SPD. First Homes provides market sale housing sold at a 30% discount against the market value to person/s meeting the eligibility criteria and the discount is registered against the title and is expected to be in perpetuity. The property value must be no higher than £250,000 after the discount has been applied and First Homes must now account for 25% of all Affordable Housing units through planning obligations.

**Assumptions**

9.18 For the purposes of this update, we have assumed that the tenure and property type mix on Sites have not changed since the original report was issued. If any changes have been made, this could affect the outcomes of our appraisals.

9.19 In our previous report, we used BCIS rates for the build costs and have adopted this approach again using a rate of £2,430m<sup>2</sup> (£226ft<sup>2</sup>.) having previously used £2292m<sup>2</sup> (213ft<sup>2</sup>). Whilst we have been provided with demolition costs on a square metre basis, we have not been provided with the size of any existing buildings therefore our costs do not include a figure for demolition which is the same approach taken with the original report. Until full ground surveys have been completed, we do not know what ground conditions may affect the Sites and therefore cannot include these costs within our appraisals.

9.20 We have adopted national space standards for the unit sizes as follows:

- 1 bed            50m<sup>2</sup>
- 2 bed            70m<sup>2</sup>
- 3 bed            86m<sup>2</sup>

9.21 We have applied CIL relief to any Affordable Housing on a Site but have not included relief based on existing buildings as we do not know the size of any existing buildings.

9.22 All other assumptions are shown below.

### **Build to Rent Sites**

- 9.23 We have used a rental yield of 4.2% for the BTR units compared to a yield of 3.90% used in our original report. This change is based on comparable evidence.
- 9.24 We have included a cost for furniture and carpets within our appraisal.
- 9.25 As this is a high-level review, we have not included the additional costs which would be incurred for communal amenities in the BTR schemes which can range from swimming pools, gyms, cinemas and bar areas, as these will be site-specific.

## Site Details

### Site 1 – Royal Mail Depot

#### Assumed scheme

Unit Type	No. of Market Sale	No. of Affordable Sale	Total
1 bed apartment	20	30	50
2 bed apartment	40	80	120
3 bed apartment	10	20	30
<b>Total</b>	<b>70</b>	<b>130</b>	<b>200</b>

#### Assumptions

Factor	December 2021 Assumptions
<b>Land</b>	£2.9m
<b>Build</b>	£38.5m
<b>Demolition</b>	Not included as we have not been provided details of the properties to be demolished
<b>Pre-start costs</b>	1.8% based on pre-start costs for Residential Tower 1 issued by QS spreadsheet issued by client 13.2.20
<b>Professional Fees</b>	10%
<b>Sales and Marketing</b>	2.5%
<b>Contingency</b>	10%
<b>S. 106 (total)</b>	£2,000 per unit
<b>CIL (total)</b>	£6.97psf (market only)
<b>Finance Rate</b>	6.5%
<b>Profit</b>	17.5% on cost market sale 6% on cost affordable
<b>Timescale to PC</b>	30 months
<b>Structure of deal</b>	House builder/developer with pre-sale of S106 affordable units to Affordable Housing provider. Or affordable provider-led scheme with potential JV with house builder for market sale units.
<b>Risk</b>	The level of Affordable Housing is in excess of Woking's policy which has a detrimental effect on land value. It is unlikely that a landowner would sell at this figure and it is likely that a developer would seek to reduce the number of affordable units on viability grounds. The level of affordable sale units in a single location presents a risk to an Affordable Housing provider.

- 9.26 The increase in build costs and reduction in the value of the units has led to a £2.6m reduction in land value from the previous report.

## Site 02 – Ex-station Car Park

- 9.27 The site originally assumed 65% market sale with 35% affordable rent which produced a negative land value.
- 9.28 Running the appraisal with the 35% affordable being a mix of rent and shared ownership (65/35 split) produces a positive land value but is unlikely to be of interest to the market. We, therefore, believe that having 20% Affordable Housing on this site with this being split 50/50 between affordable rent and shared ownership would generate a land value that would be of interest to the market.

### Assumed Scheme

Unit Type	No. Market Sale	No. Affordable Rent	No. Shared Ownership	Total
1 bed apartment	65	15	15	95
2 bed apartment	130	20	20	170
3 bed apartment	125	5	5	135
<b>Total</b>	<b>320</b>	<b>40</b>	<b>40</b>	<b>400</b>

### Assumptions

Factor	December 2021 Assumptions
Land	£9.1m with 20% affordable 50/50 split rent and shared ownership.
Build	£81m
Professional Fees	10%
Demolition	Not included as we have not been provided details of the properties to be demolished
Pre-start costs	1.8% based on pre-start costs for Residential Tower 1 issued by QS spreadsheet issued by client 13.2.20
Sales and Marketing	2.5%
Contingency	10%
S. 106 (total)	£2,000 per unit
CIL (total)	£6.97psf (market only)
Finance Rate	6.5%
Profit	17.5% on cost market sale 6% on cost affordable
Timescale to PC	30 months
Structure of deal	House builder/developer with pre-sale of S106 affordable units to Affordable Housing provider.

9.29 The increased build costs and reduced values have resulted in a reduction of £3.3m in the land value from the previous report.

## Site 03 – New Central Extension

### Assumed Scheme

Unit Type	No. of Market Sale	No. of Shared Ownership	Total
1 bed apartment	65	20	85
2 bed apartment	100	80	180
3 bed apartment	95	40	135
<b>Total</b>	<b>260</b>	<b>140</b>	<b>400</b>

### Assumptions

Factor	December 2021 Assumptions
Land	£9.5m
Build	£81.4m
Professional Fees	10%
Demolition	Not included as we have not been provided details of the properties to be demolished
Pre-start costs	1.8% based on pre-start costs for Residential Tower 1 issued by QS spreadsheet issued by client 13.2.20
Sales and Marketing	2.5%
Contingency	10%
S. 106 (total)	£2,000 per unit
CIL (total)	£6.97psf (market only)
Finance Rate	6.5%
Profit	17.5% on cost market sale 6% on cost affordable
Timescale to PC	30 months
Structure of deal	House builder/developer with pre-sale of S106 affordable units to Affordable Housing provider.

- 9.30 The increased build costs and reduced values have led to a reduction in land value of £8.3m.

## Site 04 – Police Station / Magistrates Court

### Assumed Scheme

Unit Type	No. of Market Sale	No. of Shared Ownership	Total
1 bed apartment	100	60	160
2 bed apartment	200	120	320
3 bed apartment	90	30	120
<b>Total</b>	<b>390</b>	<b>210</b>	<b>600</b>

### Assumptions

Factor	December Assumptions 2021
Land	£5.3m
Build	£116.5m
Professional Fees	10%
Demolition	Not included as we have not been provided details of the properties to be demolished
Pre-start costs	1.8% based on pre-start costs for Residential Tower 1 issued by QS spreadsheet issued by client 13.2.20
Sales and Marketing	2.5%
Contingency	10%
S. 106 (total)	£2,000 per unit
CIL (total)	£6.97psf (market only)
Finance Rate	6.5%
Profit	17.5% on cost market sale 6% on cost affordable
Timescale to PC	30 months
Structure of deal	House builder/developer with pre-sale of S106 affordable units to Affordable Housing provider.
Risk	The number of affordable sale units could present a risk to an Affordable Housing provider which may mean that the site would not be of interest or there would be limited interest if it was marketed.

- 9.31 As this is a sales-led scheme, the increase in build costs and decrease in value has affected both tenure types and led to a £4.4m reduction in land value.

## Site 05 – Station Plaza

- 9.32 The previously assumed scheme contained 200 units with 35% affordable rent and 65% market rent which produced a nil land value. Following on from the approach we took last time, we have run this both with and without affordable rented units and to generate a land value that would be of interest to the market, we believe that it is not viable to include any affordable rental units on this site.
- 9.33 Discount market rents could be included as the affordable element of this scheme, which would be the affordable usual tenure for a BTR development, however, this would impact the land value.

### Proposed scheme

Unit Type	No. of Affordable Rent	No. of Market Rent	Total
1 bed apartment	0	58	58
2 bed apartment	0	82	82
3 bed apartment	0	60	60
<b>Total</b>	0	200	200

### Assumptions

Factor	December 2021 Assumptions
Land (with no affordable)	£2.1m
Build	£38.5m
Demolition	Not included as we have not been provided details of the properties to be demolished
Professional Fees	10%
Pre-start costs	1.8% of build costs as advised
Contingency	10%
S106	£2,000 per unit
CIL	£6.97psf across the whole of the proposed development
Finance Rate	6.5%
Furnishings	£3,000 per unit
Service charge	£2psf
Profit	No profit on build
Timescale to PC	25 months
Disposal year	20

9.34 The increased build costs have led to a reduction in the land value of £2.1m from that previously reported.

### Site 06 - St Dunstan's phase 3

9.35 Previously assumed scheme - 150 units of affordable rent. As this produced a negative land value, we were asked to provide the best tenure mix to provide a positive land value. The tenure mix was therefore changed to provide a 100% affordable scheme but with shared ownership units providing a level of cross-subsidy which in turn provides a positive land value that would be of interest in the market.

#### Proposed scheme

Unit Type	No. of Affordable Rent	No. of Shared Ownership	Total
1 bed apartment	20	10	30
2 bed apartment	55	35	90
3 bed apartment	25	5	30
<b>Total</b>	<b>100</b>	<b>50</b>	<b>150</b>

#### Assumptions

Factor	December 2021 Assumptions
Land	£1.250m
Build	£29.6m
Professional Fees	10%
Demolition	Not included as we have not been provided details of the properties to be demolished
Pre-start costs	1.8% as advised by Woking
Sales and Marketing	2.5%
Contingency	10%
S. 106 (total)	£2000 per unit
CIL (total)	Nil as 100% affordable
Finance Rate	4.5%
Profit	Nil as 100% affordable
Discount rate	5% - rent 5.5% - shared ownership
Timescale to PC	24 months
Structure of deal	Sale of the site to Affordable Housing provider.

9.36 Reduction in land value of £2.35m from the original report.

9.37 As this is proposed to be a 100% Affordable Housing site, it is likely that an Affordable Housing provider would be able to use the grant from the Affordable Homes Programme which could increase the land value.

## Site 07- The Triangle

### Proposed scheme

Unit Type	No. of Market Rent	No. of Shared Ownership	Total
1 bed apartment	30	40	70
2 bed apartment	60	100	160
3 bed apartment	15	55	70
<b>Total</b>	<b>105</b>	<b>195</b>	<b>300</b>

### Assumptions

Factor	December 2021 Assumptions
<b>Land</b>	£7.1m
<b>Build</b>	£57.9m
<b>Professional Fees</b>	10%
<b>Demolition</b>	Not included as we have not been provided details of the properties to be demolished
<b>Pre-start costs</b>	1.8% as advised by Woking
<b>Sales and Marketing</b>	2.5%
<b>Contingency</b>	10%
<b>S. 106 (total)</b>	£2000 per unit
<b>CIL (total)</b>	£6.97psf (market only). No relief has been applied as we have not been advised of the existing properties on-site.
<b>Finance Rate</b>	5.5% affordable sale 6.5% market rent
<b>Profit</b>	None assumed for build
<b>Timescale to PC</b>	24 months
<b>Structure of deal</b>	Market to an Affordable Housing provider who would also own and manage the market rent.

- 9.38 The increased build costs and reduced values have led to a reduction in the land value of £0.5m from that previously reported. This is a smaller reduction than has been reported on other sites due to the more bullish approach taken regarding how much an Affordable Housing provider may be willing to pay for the shared ownership units, and the increased rents for the market rent units which have balanced out some of the increased costs.

## Site 08 – Goldsworth Road

### Proposed scheme

Unit Type	No. of Market Sale	No. of Affordable Sale	Total
1 bed apartment	163	87	250
2 bed apartment	276	149	425
3 bed apartment	189	101	290
<b>Total</b>	<b>628</b>	<b>337</b>	<b>965</b>

### Assumptions

Factor	December 2021 Assumptions
Land	£21m
Build	£192m
Professional Fees	10%
Demolition	Not included as we have not been provided details of the properties to be demolished
Pre-start costs	1.8% as advised by Woking
Sales and Marketing	2.5%
Contingency	10%
S. 106 (total)	£2,000 per unit
CIL (total)	£6.97psf (market only). No relief has been applied as we have not been advised of the existing properties on-site.
Finance Rate	6.5%
Profit	17.5% on cost market sale 6% on cost affordable
Timescale to PC	36 months
Structure of deal	Housebuilder/developer with pre-sale of S106 affordable units to Affordable Housing provider.
Risk	The number of affordable sale units could present a sales risk to an Affordable Housing provider which may mean that the site would not be of interest or there would be limited interest if it was marketed.

- 9.39 As this is a sales-led scheme, the increase in build costs and decrease in value has affected both tenure types and led to an £18.4m reduction in land value.

### Site 09 – former BHS Site

- 9.40 To generate a land value that would be of interest to the market, we believe that it is not viable to include any affordable rental units.
- 9.41 Discount market rents could be included as the affordable element of this scheme, which would be the affordable usual tenure for a BTR development, however, this would impact the land value.

#### Proposed scheme

Unit Type	No. of Affordable Rent	No. of Market Rent	Total
1 bed apartment	0	70	70
2 bed apartment	0	186	186
3 bed apartment	0	54	54
<b>Total</b>	<b>0</b>	<b>310</b>	<b>310</b>

#### Assumptions

Factor	December 2021 Assumptions
<b>Land</b>	£3.6m
<b>Build</b>	£59m
<b>Professional Fees</b>	10%
<b>Demolition</b>	Not included as we have not been provided details of the properties to be demolished
<b>Pre-start costs</b>	1.8% as advised by Woking
<b>Sales and Marketing</b>	N/A
<b>Contingency</b>	10%
<b>S. 106 (total)</b>	£2,000 per unit
<b>CIL (total)</b>	£6.97psf (market only) No relief has been applied as we have not been advised of the existing properties on-site.
<b>Finance Rate</b>	6.5%
<b>Profit</b>	Non assumed on build
<b>Disposal Year</b>	20
<b>Timescale to PC</b>	24 months
<b>Structure of deal</b>	Sale of the site to a BtR operator assuming that they would procure the build and continue to manage the building when complete.

9.42 The increased build costs and reduced values have led to a reduction in the land value of £2.7m from that previously reported.

### Site 10 – Concorde House

9.43 We have continued to assume that this site will have no affordable rental units to generate a land value that would be of interest to the market. An alternative proposal will be for discounted market rent units to be included in the scheme which would provide a more acceptable tenure mix for BTR operators and one which is typical of this tenure type.

#### Proposed scheme

Unit Type	No. of Affordable Rent	No. of Market Rent	Total
1 bed apartment	0	40	40
2 bed apartment	0	104	104
3 bed apartment	0	30	30
<b>Total</b>	<b>0</b>	<b>174</b>	<b>174</b>

#### Assumptions

Factor	December 2021 Assumptions
Land	£160,000
Build	£33m
Professional Fees	10%
Demolition	Not included as we have not been provided details of the properties to be demolished
Pre-start costs	1.8% as advised by Woking
Sales and Marketing	n/a
Contingency	10%
S. 106 (total)	£2,000 per unit
CIL (total)	£6.97psf (market only) No relief has been applied as we have not been advised of the existing properties on-site.
Finance Rate	6.5%
Profit	None assumed on build
Disposal year	20
Timescale to PC	24 months
Structure of deal	Sale of the site to a BtR operator assuming that they would procure the build and continue to manage the building when complete.

9.44 This appraisal shows a reduction in land value of £4.2m which is a result of the increased build costs and subsequent increase in professional fees.

## Site 11 – Planets/Rat & Parrott

### Proposed scheme

Unit Type	No. of Market Rent	No. of Affordable Sale	Total
<b>1 bed apartment</b>	60	26	86
<b>2 bed apartment</b>	170	96	266
<b>3 bed apartment</b>	52	30	82
<b>Total</b>	<b>282</b>	<b>152</b>	<b>434</b>

### Assumptions

Factor	December 2021 Assumptions
<b>Land</b>	£6m
<b>Build</b>	£77.3m
<b>Professional Fees</b>	10%
<b>Demolition</b>	Not included as we have not been provided details of the properties to be demolished
<b>Pre-start costs</b>	1.8% as advised by Woking
<b>Sales and Marketing</b>	2.5%
<b>Contingency</b>	10%
<b>S. 106 (total)</b>	£2,000 per unit
<b>CIL (total)</b>	£6.97psf (market only) No relief has been applied as we have not been advised of the existing properties on-site.
<b>Finance Rate</b>	6.5%
<b>Profit</b>	0% as Affordable Housing but the cost to value rate at 80% which is the equivalent of a 20% profit.
<b>Timescale to PC</b>	36 months
<b>Structure of deal</b>	BTR developer with pre-sale of S106 affordable units to Affordable Housing provider.
<b>Risk</b>	The level of affordable sale units in a single location presents a risk to an Affordable Housing provider.

- 9.45 The new appraisal shows a reduction in land value of £4.1m which is due to the reduced values and change to the assumed rental yield.

## Site 12 – Thamesway Poole Road

9.46 Previously assumed scheme – 120 units for affordable rent which generated a nil land value and required additional funding to be financially viable. We have been advised that the unit numbers have increased to 247 and have therefore re-run the appraisals. We have assumed a tenure split of 50% affordable rent and 50% shared ownership which produces a relatively low but positive land value.

### Proposed scheme

Unit Type	No. of Affordable Rent	No. of Shared Ownership	Total
1 bed apartment	40	47	87
2 bed apartment	69	60	129
3 bed apartment	15	16	31
<b>Total</b>	124	123	<b>247</b>

### Assumptions

Factor	December 2021 Assumptions
Land	£2.8m
Build	£45m
Professional Fees	10%
Demolition	Not included as we have not been provided details of the properties to be demolished
Pre-start costs	1.8%
Sales and Marketing	2.5% (sales units only)
Contingency	10%
S. 106 (total)	£2,000 per unit
CIL (total)	£nil as 100% affordable
Finance Rate	4.5%
Profit	Nil as 100% affordable
Timescale to PC	24 months
Structure of deal	Sale of the site to Affordable Housing provider.

- 9.47 The re-appraisal shows an increase in land value of £1.4m which is due to the NPV assumptions being revised following market intelligence from Affordable Housing providers. Additionally, a more bullish approach has also been taken to the amount that an Affordable Housing provider may pay for this site. We previously assumed 70% cost to value and have now assumed 80% cost to value as registered providers are finding it difficult to find development sites where they can use their Homes England grant funding. As this is a site that is 100% affordable, it is likely that grant funding would be used which could increase any land offer.
- 9.48 Market rents have also increased and the Local Housing Allowance cap which had impacted on the three-bedroom rents previously has been raised therefore there is now no restriction on these.

## Site 13 - Church Gate

### Proposed scheme

Unit Type	No. of Market Sale	No. of Shared Ownership	Total
1 bed apartment	35	20	55
2 bed apartment	70	30	100
3 bed apartment	12	13	25
<b>Total</b>	<b>117</b>	<b>63</b>	<b>180</b>

### Assumptions

Factor	December 2021 Assumptions
Land	£4.6m
Build	£34m
Professional Fees	10%
Demolition	Not included as we have not been provided details of the properties to be demolished
Pre-start costs	1.8% based on pre-start costs for Residential Tower 1 issued by QS spreadsheet issued by client 13.2.20
Sales and Marketing	2.5%
Contingency	10%
S. 106 (total)	£2,000 per unit
CIL (total)	£6.97psf (market only)
Finance Rate	6.5%
Profit	17.5% on cost market sale 6% on cost affordable
Timescale to PC	24 months
Structure of deal	Housebuilder/developer with pre-sale of S106 affordable units to Affordable Housing provider.

- 9.49 The reduction in values and increase in build costs have led to a £3.2m reduction in the residual land value.

## APPENDIX A: **PROPERTY SALES AND LETTING AGENT'S CONSULTATION**

- 9.50 GL Hearn has engaged with the residential property agents working in the HMA of Woking by both questionnaire and short phone call interviews. Both questionnaire and the interview were prepared with two versions, one for sales agents and one for the letting business agents.
- 9.51 We received only one questionnaire response from a sales agent that operates a general house selling business in Woking (excluding luxury homes or lands).
- 9.52 For the phone-call interview, we received three responses from each business side of the property agents, with six responses in total.
- 9.53 In the following section, we combine the analysis of the questionnaire and the interview for comprehensiveness. The housing market conditions are discussed from sales and letting aspects in WTC and the Borough. We received four responses from the sales agents and three responses from the letting agents.

### Market condition – Sales

- 9.54 All the sales agents operate general house sales in Woking. The sales agent responses for market conditions are set out below.
- i. How would you describe current market conditions in the Town Centre?*
- 9.55 All four sales agents consider the current housing market in WTC and the Borough is very strong.
- 9.56 Agent 1 commented in the questionnaire that there are good responses on property listing. The selling price is achieving to or over the asking price. Also, Agent 1 indicated that they sold an average of 12 units each month.

9.57 Agent 1 further commented that around 6-10% of units were unsold after one year of the scheme completion because of the expensive prices of certain units. These unsold units are mostly houses (70%) rather than flats (30%).

9.58 Agent 4 indicates that the demand for houses is high, but there is an oversupply of flats in Woking.

*ii. What factors are affecting/driving the market?*

9.59 Agent 1 commented that the “Stamp Duty holiday” policy has improved the market condition which was a direct result of the Covid-19 Pandemic. However, the direct correlation between the Pandemic and the property market is less.

9.60 Agent 2 commented there is a demand for first-time buyers and households moving from London areas. Also, the work-from-home trend and the additional money savings has facilitated the demand.

9.61 Agent 4 indicated the interest rate and the new employment opportunities in Woking has driven the housing demand.

*iii. Are there specific types of property being particularly in high demand / short supply?*

9.62 Agent 1 indicated that households are looking to buy 1-bedroom or 2-bedroom sizes of dwellings. Regarding the housing type, they are looking for detached, semi-detached, or terraced houses.

9.63 Agent 2 commented the house price ranged between £350k to £550k is in short supply.

9.64 Agent 3 and Agent 4 both indicated that there is a shortage of family homes with 2-bedroom or 3-bedroom houses. There is insufficient stock supply that locates within walking distance to Woking train station.

### Sales prospects

9.65 The sales agent responses for market prospects are set out below.

*iv. How do you see the market changing in the next year or three years? What factors might influence this?*

9.66 Agent 1, 2 and 4 are expecting the house price will be stable in the next coming year while Agent 3 commented that the price will continue to grow.

9.67 Agent 1 commented that the price will be stable due to the increase in new-built houses and external economic factors.

9.68 Agent 3 commented that there will be more people to move from the London area and the new-formed households or current households that are seeking to down-size their dwelling will facilitate the price growth.

9.69 In the longer-term (three years), all the respondents are uncertain about the price trend. This will be subject to several factors, including Pandemic conditions, Government's interest rate policy, Energy performance policies.

*v. In your view, how many units would it be prudent to release into the market on any one scheme without "flooding the market"*

9.70 Agent 2 commented that a smaller development scheme of around 12 units per site will be prudent. Other respondents did not provide figures for this question but commented with different opinions on new build developments.

9.71 Agent 1 indicated the new build dwellings sales are slower than second-hand due to premium pricing and oversupply issue. However, Agent 4 commented that flats that are newly built sold faster than second-hand because of better facilities.

### Market condition – Letting

9.72 All the letting agents operate in the general house rental market. The letting agent responses for market conditions are set out below.

*i. Describe the current state of the lettings/rental market*

9.73 All three letting agents consider the housing market of Woking with high lettings/rental demand.

9.74 Agent 3 commented that they have increasing renters moving from overseas or London area commuters.

*ii. Is demand coming from a particular part of the market (e.g., young professionals, one-person households, older people?)*

9.75 All three letting agents have indicated the market demand is coming from young professionals or family households.

*iii. Have rents been increasing over the past couple of years? On average by how much (e.g., 5% a year)?*

9.76 All three letting agents agreed that the rents in Woking are increasing. Agent 1 and 2 commented with a 5% of increase per year while Agent 3 commented with 10-13% per year based on the listing history.

**Letting prospects**

9.77 The letting agent responses for market prospects are set out below.

*iv. Do you see rents continuing to increase going forwards?*

9.78 Agent 1 commented that the rent will continue to rise in 18 months.

9.79 However, Agent 2 and 3 commented the rent will stop rising in the next year but has observed a trend of turning rental properties into holiday homes (e.g., Airbnb).

*v. Are there specific sizes of the property being particularly in short supply?*

9.80 All three letting agents indicated that there is a shortage of family homes of 3-bedroom dwellings.

9.81 Agent 3 further commented that 1-bedroom apartments are also short in supply.

### Consultation summary

9.82 GL Hearn carried out a market survey by sending out questionnaires and short phone-call interviews. We received one questionnaire response from a sales agent in Woking. We interviewed sale agents and letting agents with three respondents each.

9.83 Combining the survey responses from both sales and letting agents of the Woking residential market, we can conclude that:

- Both residential sales and rental markets in the Woking area are in high demand.

#### **Sales market**

- First-time buyers, households moving from London areas and new employment opportunities in Woking are driving the sales property demand.
- These households are looking to buy 1-bedroom or 2-bedroom sizes of dwellings. They are looking for detached, semi-detached, or terraced house types.
- Factors that influence the sales market includes the “Stamp Duty holiday” policy, Work-from-home trend and interest rate.
- Based on the comments from the sales agents, there might be an oversupply of flats in Woking. Also, certain new house units that remain unsold after a year of completion are because of the expensive prices
- Sales agents commented that there is a shortage of family homes with 2-bedroom or 3-bedroom houses. Also, there is insufficient stock supply that locates within walking distance to Woking train station.
- Most sales agents expect the house price will be stable next year. One respondent expects the price will keep rising due to the high demand from the London area, newly formed households and current households that seek to downsize their homes.
- The agents are uncertain about the price trend in the long term since it will be subject to several factors. This includes Pandemic conditions, Government’s interest rate policy, Energy performance policies.
- Smaller development schemes (around 12 units per site) are prudent to release to the sales market without “flooding the market”.

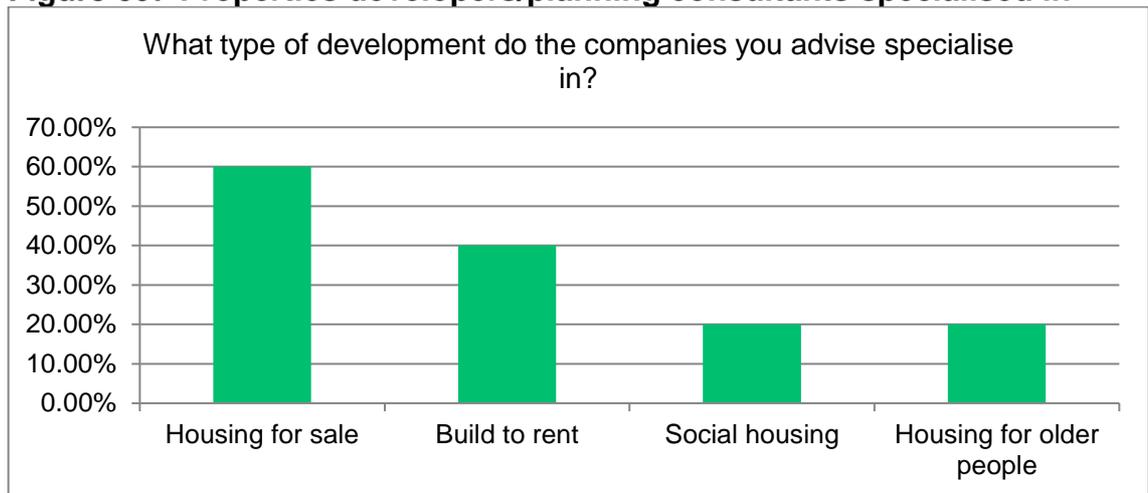
### **Letting market**

- The rental market demand is coming from young professionals or family households.
- There is a consensus between the agents that the rents in Woking were increasing. Based on the listing history, the rents have increased between 5% to 10% per year.
- Two agents indicated that the rents will stop rising while one agent commented the increasing trend will continue in 18 months.
- There is a rental property supply shortage of family homes of 3-bedroom dwellings. Also, due to the demand from young professionals, 1-bedroom apartments are undersupplied.

**APPENDIX B: DEVELOPERS' AND PLANNING CONSULTANT'S CONSULTATION**

9.84 Overall, five developers and planning consultants responded to the questionnaire. The developers specialise in new-build or homes for sale while planning consultants works mainly in BTR fields (including student accommodation).

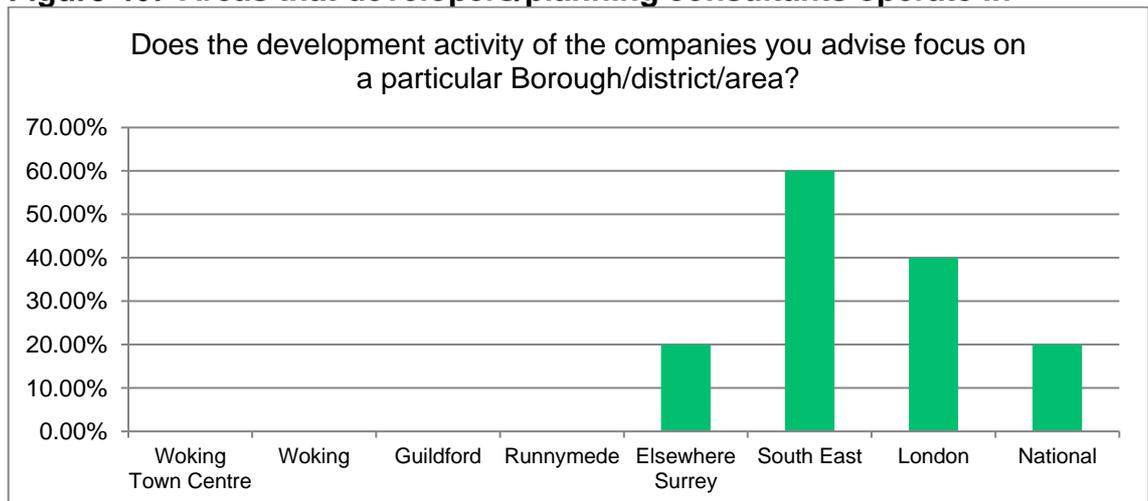
**Figure 39: Properties developers/planning consultants specialised in**



Source: GLH analysis of responses to the market survey

9.85 These developers and planning consultants mainly operate in the Southeast region and the London area.

**Figure 40: Areas that developers/planning consultants operate in**



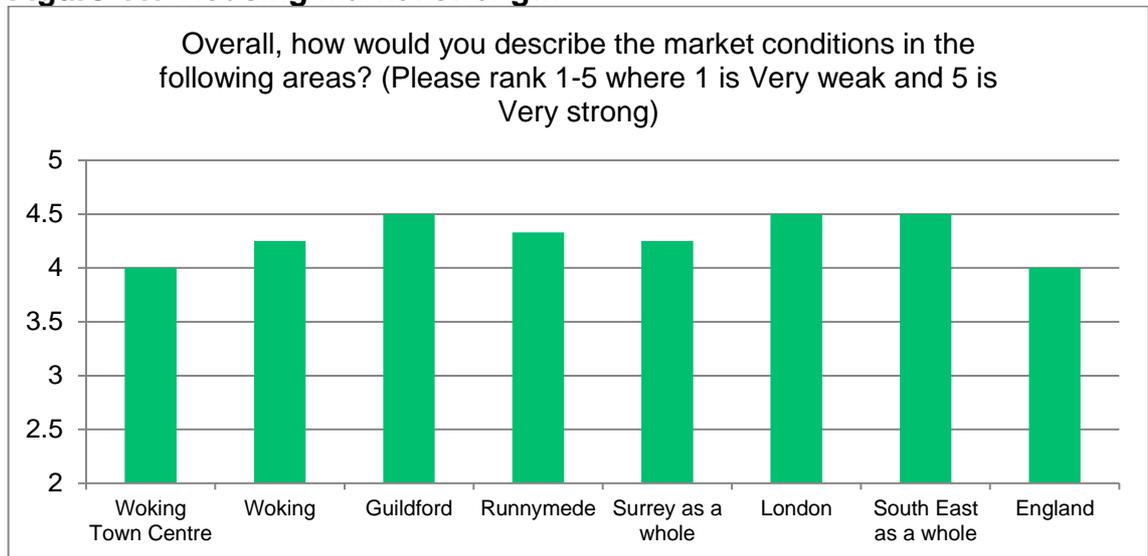
Source: GLH analysis of responses to the market survey

9.86 The following section discusses the current housing market condition and the residential development prospects of Woking Town Centre, the Borough and its HMA based on the survey responses.

### Market condition

9.87 The respondents have considered the housing market of WTC with strong demand, as well as other HMA Boroughs (particularly Guildford) and the wider southeast region. All the comparators have scored at least 4 points, representing a stronger position.

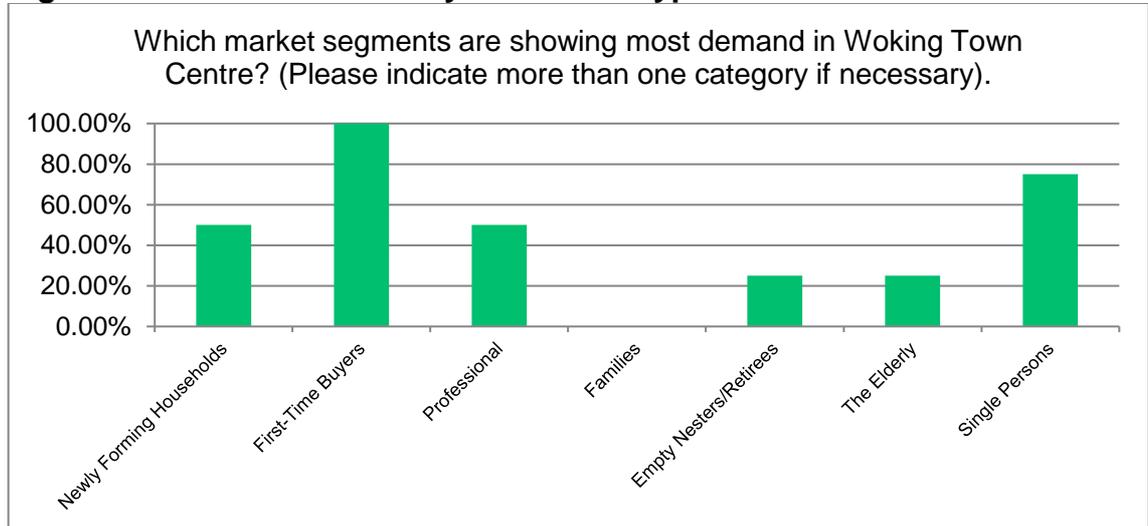
**Figure 41: Housing market strength**



Source: GLH analysis of responses to the market survey

9.88 As the below figure shows, they indicated that market demand is driven by newly formed households, first-time buyers, or single persons.

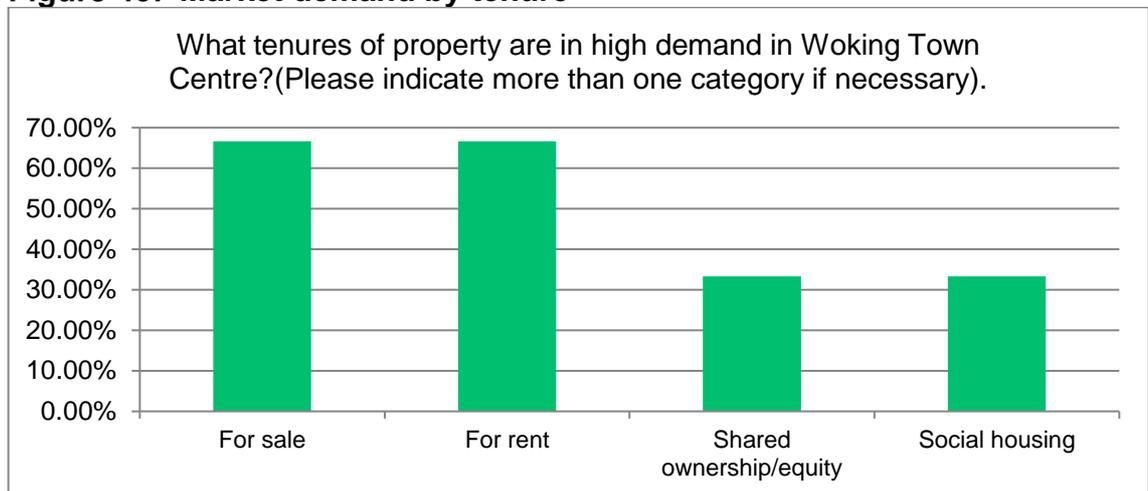
**Figure 42: Market demand by household types**



Source: GLH analysis of responses to the market survey

9.89 These households are seeking for both buying or renting homes in the majority, as the below figure shows. Also, all the respondents indicated that “flats” are in high demand in WTC.

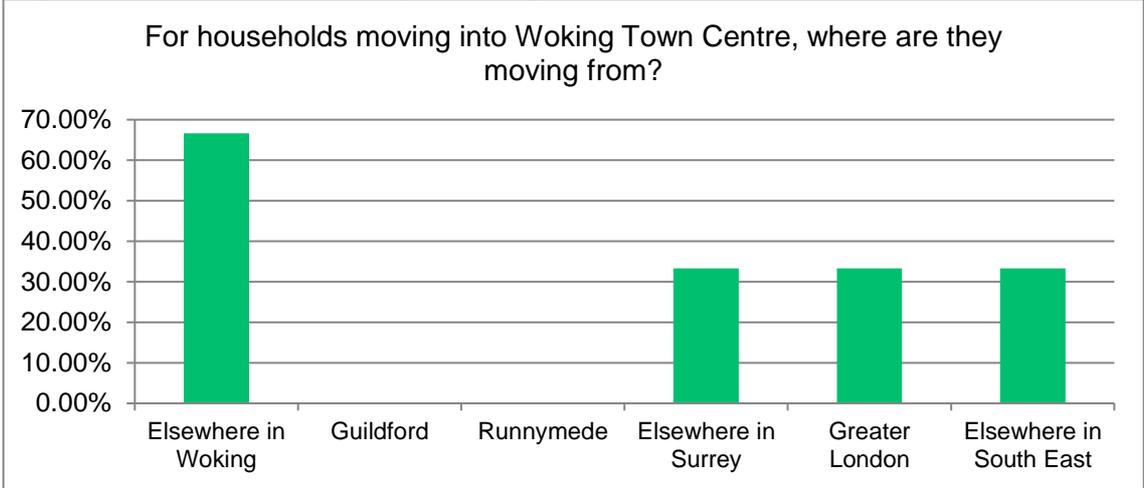
**Figure 43: Market demand by tenure**



Source: GLH analysis of responses to the market survey

9.90 Developers and planning consultants indicated that, due to the high demand, households buying homes in WTC are mainly moving from other parts of the Borough. Other households moving to WTC are from elsewhere in Surrey county, Southeast region, or Greater London areas.

**Figure 44: WTC house buyer’s origins**

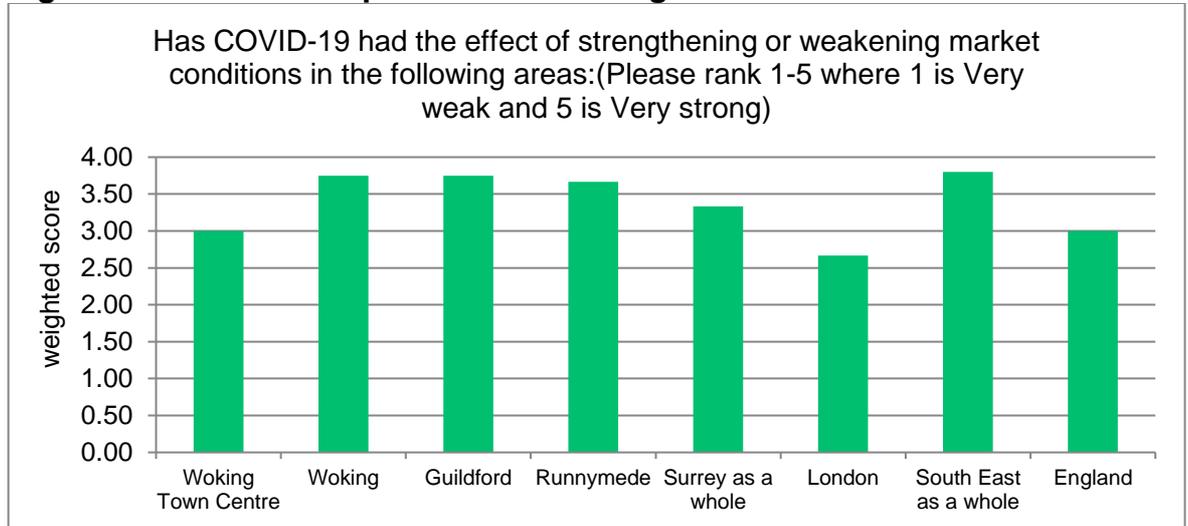


Source: GLH analysis of responses to the market survey

9.91 However, the developers or planning consultants that responded to the survey were not involved in delivering homes in Woking, Guildford and/or Runnymede in the last year (2020/21). Therefore, the information on the average units they sold from each site or the unsold units are insufficient in this survey.

9.92 One developer has indicated that the Pandemic slightly strengthened the market demand of WTC, Woking and Guildford Borough. However, two planning consultants indicated the Pandemic has weakened the demand of WTC and London area while strengthening the demand of Borough levels in the Southeast region.

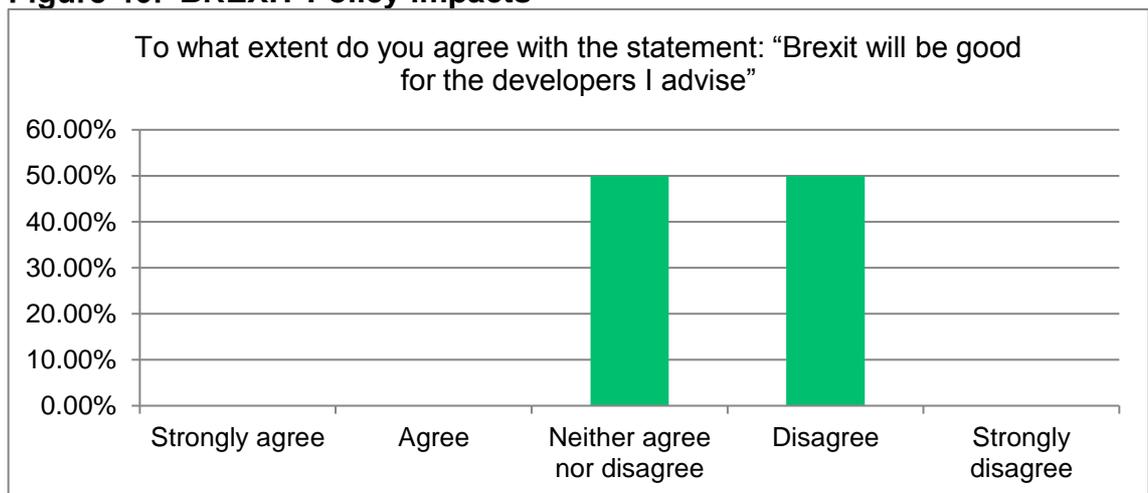
**Figure 45: Covid-19 impact on the housing market**



Source: GLH analysis of responses to the market survey

- 9.93 Overall, Covid-19 impact on the WTC housing market is moderate. At the Borough level, the market is slightly strengthened. However, one of the planning consultants indicated in the follow-up question that the impact of Covid-19 is still an uncertain factor to the market in long term.
- 9.94 Developers and planning consultants expect BREXIT policy to have negative effects on the business, as the below figure shows.

**Figure 46: BREXIT Policy impacts**



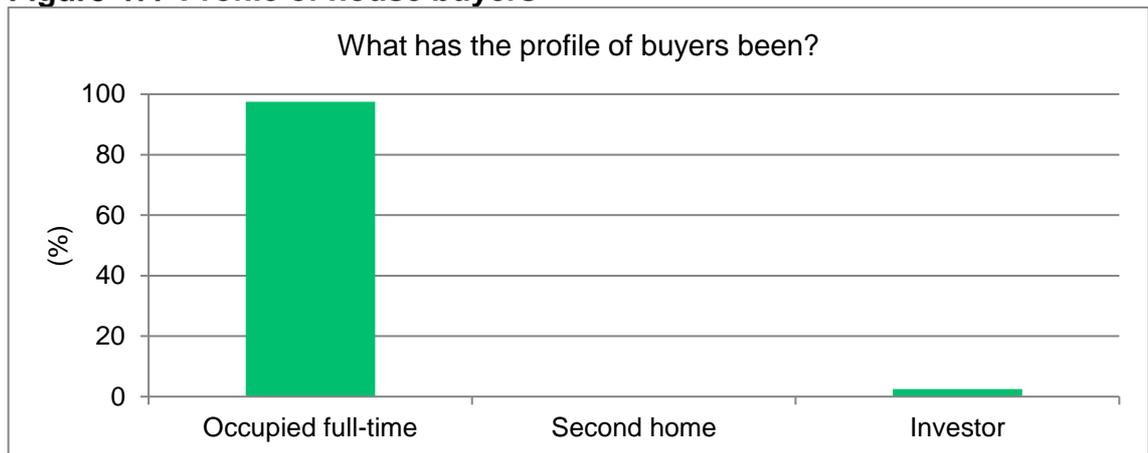
Source: GLH analysis of responses to the market survey

9.95 The impact of BREXIT policy as indicated by the respondents includes skilled labour, tradespeople or short-term material shortage from the EU region.

9.96 75% of the developers and planning consultants have indicated that building material and labour shortage has affected the development capacity of the housing sites put forward by them or the companies they advised. In the follow-up question, the respondents indicated that both material and labour shortage has caused build cost inflation and delivery program delay.

9.97 Developers and planning consultants have indicated that 97% of house sales were owner-occupied buyers with only 3% being domestic investors.

**Figure 47: Profile of house buyers**



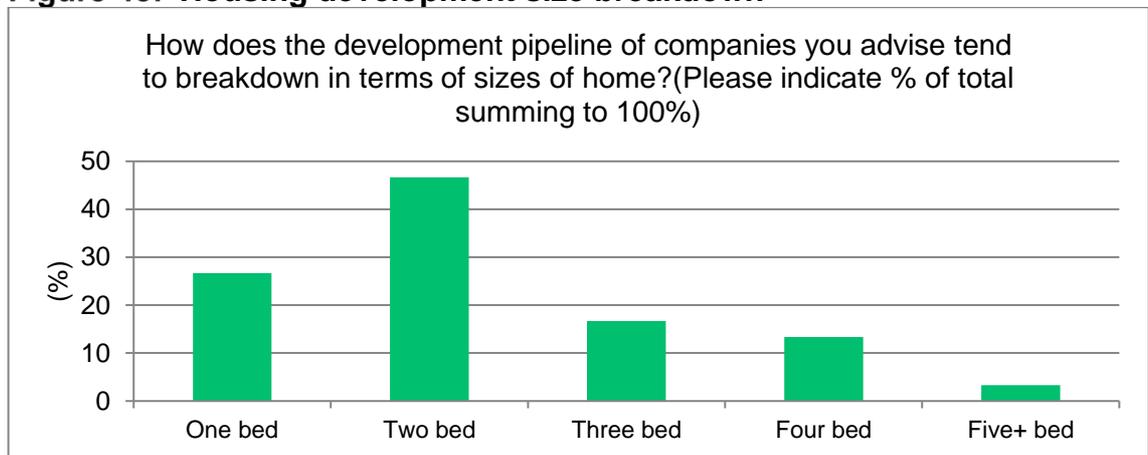
Source: GLH analysis of responses to the market survey

9.98 The next section discusses the residential development prospects in WTC.

### Development prospects

9.99 One of the planning consultants noticed that a developer they worked with is planning for residential development in WTC, which indicating to bring forward BTR flats with 70% of one-bedroom units and 30% of two-bedroom units. However, other developers who responded to the surveys are not planning to deliver homes in WTC but elsewhere in their operating area. The below figure shows the size breakdown of their developments.

**Figure 48: Housing development size breakdown**

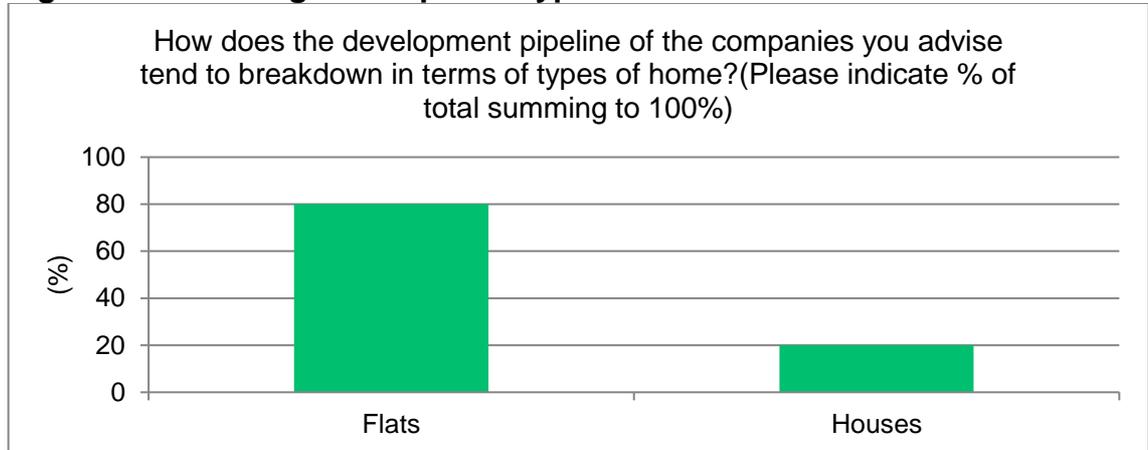


Source: GLH analysis of responses to the market survey

9.100 The above figure indicated that most of them that responded to the survey are planning to put forward two-bedroom units (47%), followed by one-bedroom units (27%) in their development pipeline.

9.101 Most of the respondents indicate that they or the company they advise are planning to deliver flats (80%) to the market.

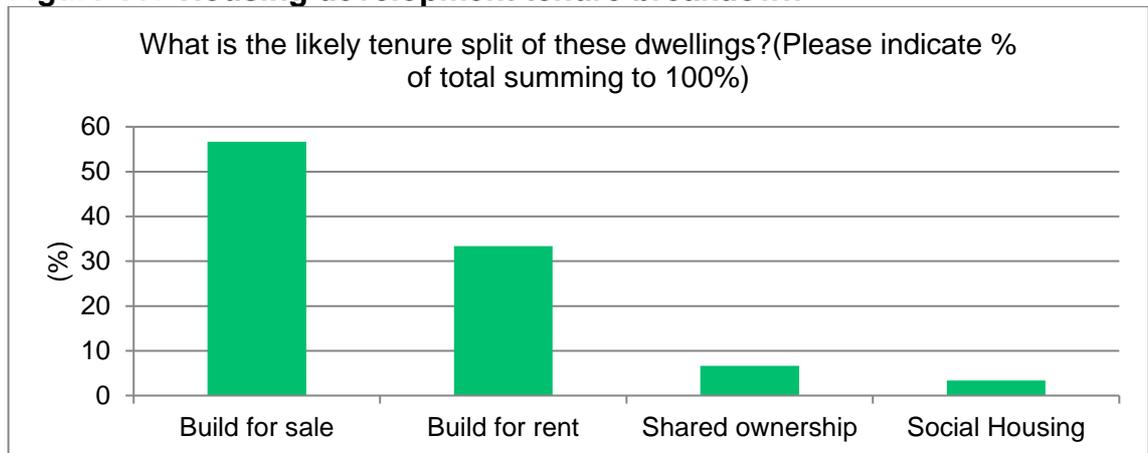
**Figure 49: Housing development type breakdown**



Source: GLH analysis of responses to the market survey

9.102 Also, most of the respondents indicate that they are delivering dwellings for sale (57%), followed by “Build to rent” (33%).

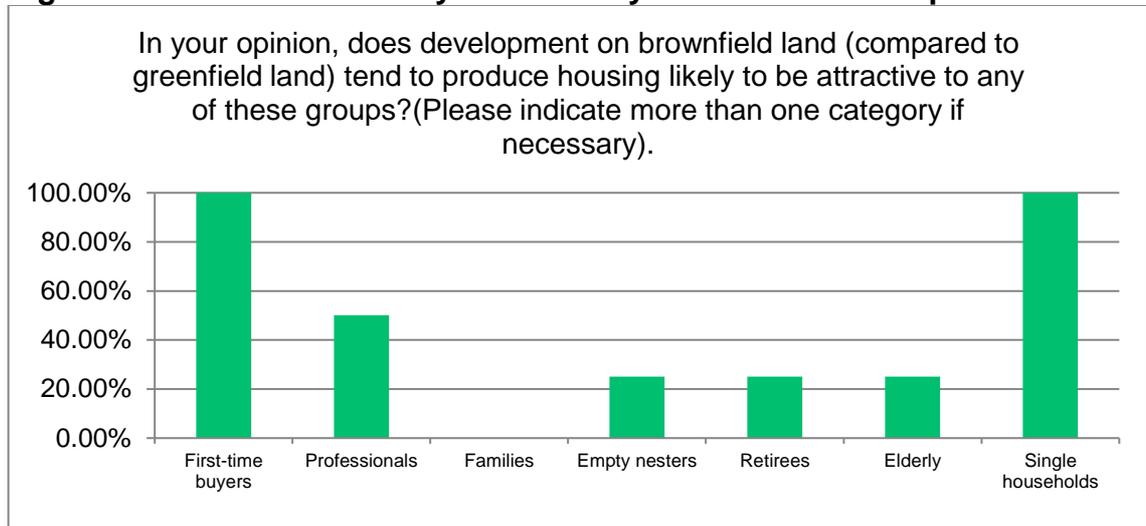
**Figure 50: Housing development tenure breakdown**



Source: GLH analysis of responses to the market survey

9.103 Developers consider Brownfield sites in Woking attractive for delivering housing and fulfilling the demand of first-time buyers or single households.

**Figure 51: Households likely to attract by brownfield developments**



Source: GLH analysis of responses to the market survey

9.104 However, in the follow-up question, different opinions exist between planning consultants. Respondents who agree with the above statement are based on the following reasons:

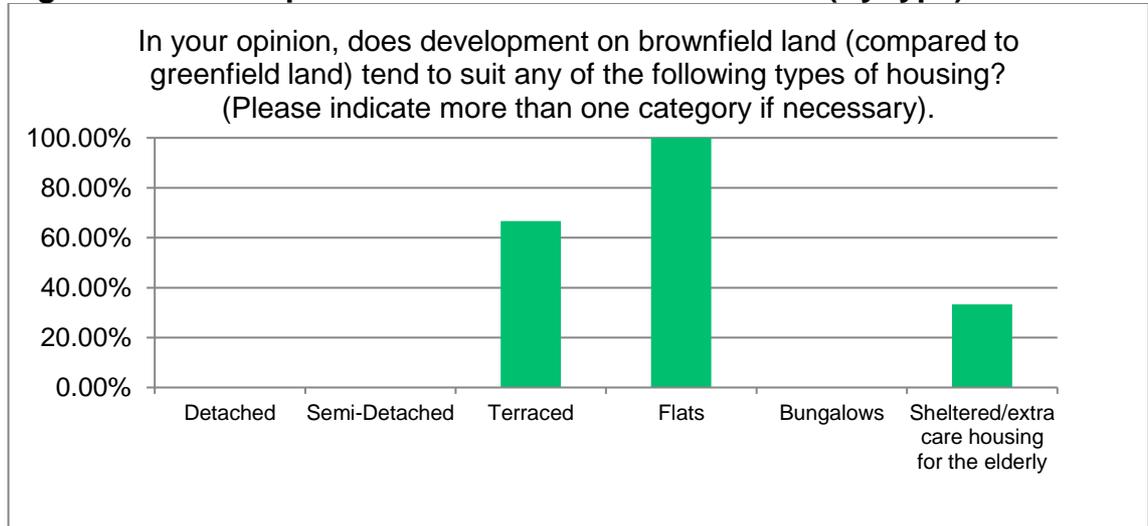
- *“Yes, given the high demand and need; however, the planning environment has created substantial uncertainty and risk.”*
- *“Land is in acutely short supply”*

9.105 Disagree opinions are due to financial issues, with the reasons including:

- *“High-cost high rise and the threat of oversupply are concerning to buyers. Very high financial outlay before units can be sold. Slower demand from private investors and due to the work from home ethic a lesser demand for apartments.”*

9.106 As the below figure shows, both developer and planning consultants have considered Brownfield sites are suitable for producing terraced houses, flats, or older person homes.

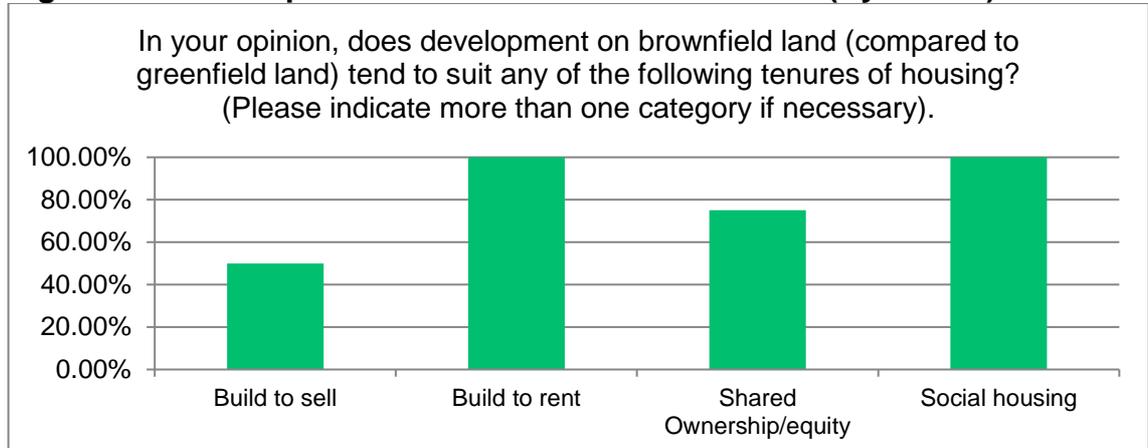
**Figure 52: Development suitable for brownfield sites (By type)**



Source: GLH analysis of responses to the market survey

9.107 Also, regarding the housing tenure, these Brownfield sites are considered suitable to deliver BTR or social housing.

**Figure 53: Development suitable for brownfield sites (By tenure)**



Source: GLH analysis of responses to the market survey

9.108 There are several factors that make developers and planning consultants deliver new homes in WTC difficult, such as availability of lands and site viability. Also, policies such as unlocking greenbelt constraints or promoting high-density dwellings in Town Centre is suggested. However, the respondents all agree that the high market demand made it easier for delivering homes.

9.109 The survey asked for additional comments on how Woking Borough Council could facilitate sustainable development in the Borough. The following listed the responses from the planning consultants and the developers:

- *“Take a consistent and positive approach to decision-making, commensurate with the policy focus on high-density development of WTC, including through the provision of tall buildings.”*
- *“Update its Development Plan to reflect actual housing need (unconstrained by artificial considerations including Green Belt and reliance on neighbouring authorities) and to reflect the need for all types of residential accommodation, including BTR.”*
- *“Ensure that important facility such as “rail-served aggregates depot” continues to be safeguarded, as expressly required by National and County (Surrey) planning requirements, for the long term. Rail served sites are scarce resources and are very challenging to replace. The facility supplies construction materials to support future development within WTC and the benefits of retaining it for the long term should be clear.”*
- *“By consenting to higher density in the Town Centre.”*
- *“Be supportive of new development in the planning process. Far too much notice taken of NIMBY’S.”*

#### Consultation Summary

- Five planning consultants and developers responded to the survey.
- Overall, respondents have considered the housing market of WTC with strong demand. This demand is driven by newly formed households, first-time buyers, or single persons.
- The household demand is mostly seeking for both buying or renting homes. And all the respondents indicated that “flats” are in high demand in WTC.
- Developers and planning consultants indicated that, due to the high demand, home buyers’ origins are mainly other parts of Woking. Other households moving to WTC are from elsewhere in Surrey county, Southeast region, or Greater London areas.
- Due to none of the developers or planning consultants that responded to the survey being involved in delivering homes in HMA last year, the information on the average units sold from each site or the unsold units is insufficient in this survey.

- Overall, Covid-19 impact on the WTC housing market is moderate. At the Woking Borough level, the market is slightly strengthened. However, the long-term effect is still uncertain as indicated by a respondent.
- BREXIT policy is expected to have negative effects on the business, due to a shortage of skilled labour, tradespeople or short-term material from the EU region.
- Most of the respondents (75%) indicated that building material and labour shortage has affected the development capacity. This includes building cost inflation and delivery program delay.
- The respondents have indicated that 97% of house sales were owner-occupied buyers with only 3% being domestic investors.
- Most developers that responded to the survey are planning to put forward two-bedroom units (47%), followed by one-bedroom units (27%) in their development pipeline. Also, one planning consultant indicated a developer they work with is planning to deliver BTR flats with 70% of one-bedroom units and 30% of two-bedroom units in WTC.
- Most of the respondents indicate that they or the company they advise are planning to deliver flats (80%) to the market. Also, they are mostly delivering dwellings for sale (57%), followed by “Build to rent” (33%).
- Developers and some planning consultants consider Brownfield sites in Woking attractive for delivering housing and fulfilling the demand of first-time buyers or single households. This is because the land is in acutely short supply and strong housing demand in the area.
- However, some planning consultants who think Brownfield sites are not attractive to the home buyers are based on issues such as higher costs with high-rise or the threat of oversupply.
- Developers and planning consultants have considered Brownfield sites are suitable for producing terraced houses, flats, or older person housings. Also, regarding the housing tenure, these sites are considered suitable to deliver BTR or social housing.
- The greatest difficulties indicated by the respondents to deliver new homes in WTC are “Land availability” and “Site viability”.
- However, the respondents all agree that the high market demand made it easier for delivering homes.

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