

Defining housing markets using postcode sectors

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Chapter 8. Defining housing markets using postcode sectors

8.1 Introduction

This chapter analyses the sale prices of houses in the Cambridge sub-region to help identify local markets. It uses Land Registry house price data. In this summary, a comparison is made of sale prices in January to March 2006, although it also tests the findings against other periods.

The main aim is to identify housing markets below the district level. The Land Registry publishes sales data by postcode sectors (e.g. CB8 5). These do not always follow district boundaries and a 'best fit' approach has been taken. District Council planning and housing departments were asked to identify the broad sub-areas that they would like data for. Average prices for some 'residual' areas have been calculated by subtracting an average sales price for a group of postcode sectors away from the district average price.

This analysis compares average prices of all properties. It is recognised that there are significant differences in the housing stock as between areas and differences in prices may well reflect the type and size of properties sold rather than any underlying difference in perceived 'value'. It is hoped to supplement this work with a further analysis where the property comparison is standardised or prices per square metre can be compared. However, it has to be recognised that the mix of properties available may well influence prices.

It is also important to appreciate that, in general, prices in towns will be lower than in rural areas. This largely reflects the mix of properties available, with cheaper flats and terraced homes being predominantly sited in towns rather than villages. But Cambridge City has areas where this is not true!

8.2 The results for Jan to Mar 2006

Cambridge City

No sub-area analysis has been requested for Cambridge City and it is very difficult to analyse by post-code sector as several cross the boundary with adjacent South Cambridgeshire. The postcode sector with the lowest average price was CB4 2, with £173,211.

East Cambridgeshire

East Cambridgeshire also asked for the district to be split into two areas. The vast bulk of property sales took place in the northern sector, including Littleport, Ely and Soham. It should be noted that in the southern section, many postcodes cross district and county boundaries. As a consequence, the 'southern' area analysis has been produced by subtracting the five 'northern' postcode sectors from the District total.

The northern East Cambridgeshire area consists of the following postcode sectors: CB6 1, CB6 2, CB6 3, CB7 4, CB7 5. The results are as follows:

- East Cambridgeshire north – 382 sales at an average price of £176,070. This is equivalent to 96.1% of the District average of £183,273.
- East Cambridgeshire south (by subtraction) – 63 sales, at an average price of £226,950, equivalent to 123.8% of the District average.

The lowest average price recorded in any individual postcode sector was £163,630 in CB6 1, which primarily covers Littleport. It should be noted that the vast bulk of property sales are in the northern area – 86% of all.

Fenland

The Fenland housing market has been split into four, covering each market town and adjacent hinterland.

The Wisbech area includes the following postcode sectors: PE13 1; PE13 2, PE13 3, PE13 4, PE13 5 and PE14 0. The March area covers PE15 0, PE15 8 and PE 15 9. Chatteris is entirely covered by PE16 6 and Whittlesey includes PE7 1 and PE7 2. It should be noted that there are small overlaps with adjacent districts and the total number of sales in all the listed postcode sectors exceeds the District total, (538 as compared with 519).

The results are as follows:

- Wisbech – 213 sales at an average price of £135,810, equivalent to 96.2% of the District average sale price of £141,058.
- March – 184 properties sold at an average price of £138,533, equivalent to 98.2% of the District average
- Chatteris – 54 properties sold at an average price of £148,620, equivalent to 105.4% of the District average
- Whittlesey – 87 homes sold at an average price of £143,715, which equates to 101.5% of the District average.

Overall, the differences between average sales prices in the market towns are quite small – marginally higher in Chatteris and slightly lower in Wisbech.

At the level of individual postcode sectors there are 3 in Wisbech with average sales prices below £135,000 – PE13 1: £107,135; PE13 3: £119,974 and PE13 2: £125,877. One postcode sector in March had an average sales price below £135,000: PE15 8: £134,626.

Forest Heath

The boundaries of postcode sectors in and around Forest Heath do not lend themselves to analysis which closely follows local commuting areas. In the Newmarket area postcode areas tend to straddle the boundary not only with East Cambridgeshire but also St Edmundsbury. In the north the sectors are shared with Norfolk, as well as with St Edmundsbury. Consequently the averages calculated for sub-areas should be considered as a guide, rather than definitive.

Three areas have been identified: Lakenheath/Brandon, Mildenhall/Freckenham/Red Lodge and Newmarket. They are defined as follows:

- Lakenheath/Brandon: postcode sectors IP27 0 and IP27 9.
- Mildenhall area: IP28 6, IP28 7; IP28 8 and IP28 9
- Newmarket area: predominantly CB8 0 and CB8 8. (The area also includes part of CB8 7, shared with East Cambridgeshire).

The results show:

- Lakenheath/Brandon – 106 sales at an average price of £132,253, equivalent to 82.2% of the Forest Heath average of £160,824.

- Mildenhall area – 129 sales, at an average price of £186,580, equating to 116% of the District average.
- Newmarket area – 106 sales, at an average price of £158,189, or 98.4% of the Forest Heath average. This is significantly lower than the surrounding East Cambridgeshire average price of £226,950.

The postcode sectors with the lowest average prices were IP27 0 in Brandon, at £127,627 and CB8 0 in central Newmarket, at £134,827.

It can be seen that the District does have distinct sub-markets when analysed by price, with the Brandon/Lakenheath area being significantly cheaper than Mildenhall. Prices in Newmarket are close to the District average but lower than the surrounding village property prices.

Huntingdonshire

Huntingdonshire DC asked for the district to be split into north Hunts and the rest of the district. There are three postcode sectors which are wholly included in north Huntingdonshire: PE7 3, PE26 1 and PE26 2. A small part of PE8 6 is also in Huntingdonshire, but as the bulk of the sector lies outside Cambridgeshire it has not been included.

The results are as follows:

- North Hunts, (Ramsey, Yaxley area) – 167 sales, average price paid £156,000. This is equivalent to 87.4% of the District average (£178,525)
- Rest of Hunts – 751 sales, average price paid £183,530. This is equivalent to 102.8% of the District average price.

There is a clear difference which shows a higher level of affordability in north Hunts. However, it should be noted that even within 'southern' Huntingdonshire there are individual postcode sectors where property is relatively cheap. These include PE29 7, with an average price of £117,710 and PE29 3, with an average sale price of £134,010. Both of these areas are in Huntingdon town.

South Cambridgeshire

Similarly, there has been no request to provide a sub-area breakdown of property prices within South Cambridgeshire. Generally speaking property prices tend to be slightly higher closer to Cambridge, but there are many differences which appear to relate more to the range of house types sold rather than any underlying property price gradient. There are no postcode sectors with average sales prices under £200,000.

Figure 1 summarises this analysis of the sub-region, and shows broad housing market areas which share patterns of house prices, using postcode areas as at Jan to Mar 2006.

St Edmundsbury

The analysis of house prices in St Edmundsbury follows a split of the district into two – one area based around Bury St Edmunds and the other looking to Haverhill. It should be noted that the postcode sectors are shared with Forest Heath and Braintree districts, as well as with Norfolk.

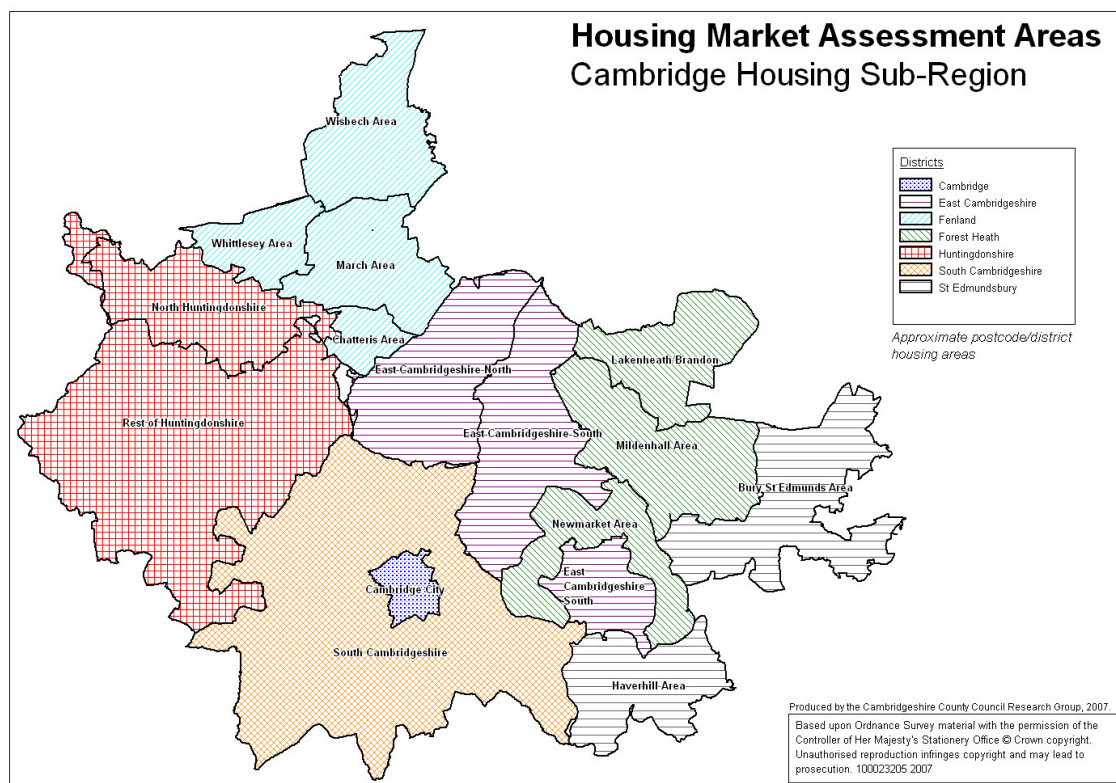
The Bury St Edmunds area is defined as including the following postcode sectors: IP29 5, IP30 9, IP31 1, IP31 2, IP32 6, IP32 7, IP33 1, IP33 2 and IP33 3. The Haverhill area is defined as: CB9 0, CB9 7, CB9 8, CB9 9 and CO10 8.

The results show:

- Bury St Edmunds – 335 sales at an average price of £199,837. This is equivalent to 105.8% of the district average of £188,935.
- Haverhill – 202 sales at an average price of £165,422, equating to 87.6% of the district average.

At the level of individual postcode sectors, the cheapest average price paid was in CB9 8 in Haverhill, at £114,457.

Fig 1: Map summarising postcode areas and housing markets



8.3 Defining housing markets using house prices in postcode sectors: summary

This chapter analyses house sale prices in the Cambridge sub-region to help identify local markets below district level. Postcode sector (i.e. CB8) data provided by the Land Registry does not always follow district boundaries and a “best fit” approach has been taken.

The analysis compares average prices of all properties, though it is recognised there are significant differences in housing stock in sizes and areas. It is hoped further analysis will be undertaken to allow a standardised comparison, for example by comparing prices per square metre. This will require further investigation as part of the future development of the SHMA.

The results indicate that prices vary quite significantly across the sub-region. For each Local Authority:

- Cambridge City – district average price was £252,410 in April to June 2006. It is difficult to analyse by postcode sector as several cross boundaries.
- East Cambridgeshire – district average price was £183,273 in Jan to Mar 2006 and £199,840 in April to June 2006, though there was a significant difference in prices comparing East Cambridgeshire North to East Cambridgeshire South (a difference of just under £51,000 on the Jan to March figures).
- Fenland – district average price was £141,058 in Jan to Mar 2006 and £144,510 in April to June 2006. Differences across the District were relatively small.
- Forest Heath – district average price was £160,824 in Jan to Mar 2006 and £164,830 in April to June 2006. As the boundaries of postcode sectors around this district are shared with East Cambridgeshire, St Edmundsbury and Norfolk, the average has to be considered as a guide rather than definitive.
- Huntingdon - district average price was £178,525 in Jan to Mar 2006 and £200,730 in April to June 2006, with North Hunts showing a higher level of affordability.
- South Cambridgeshire – district average price was £248,090 in April to June 2006, with no postcode sectors containing average prices below £200,000.
- St Edmundsbury – district average price was £188,935 in Jan to Mar 2006 and £194,870 in April to June 2006. The average price in Haverhill (£165,422) was significantly lower than the average for Bury St Edmunds (£199,837).

The average price across the Cambridge sub-region for Jan to Mar 2006 was £194,160, increasing to £203,170 by April to June 2006.

- Ⓜ Further research and possible use of other price and market activity comparison databases (e.g. *HomeTrack*) will help update this information and compare prices across the sub-region in future.

Appendix 1: Comparing January to March and April to June in 2006

Table 1: Areas and shares of average prices, Jan–Mar and Apr–June, 2006

District	Area	Jan–Mar share district average price	April–June share district average price
Huntingdonshire	Hunts north	87.4%	84.1%
	Rest of Hunts	102.2%	103%
East Cambridgeshire	E Cambs North	96.1%	95.5%
	E Cambs South	123.8%	121.8%
Fenland	Wisbech	96.2%	96.1%
	March	98.2%	102.6%
	Chatteris	105.4%	99.9%
	Whittlesey	101.5%	105.3%
Forest Heath	Lakenheath/Brandon	82.2%	87.5%
	Mildenhall area	116%	110.6%
	Newmarket	98.4%	110.7%
St Edmundsbury	Bury St Edmunds	106.5%	102.7%
	Haverhill	87.6%	88.7%

Table 2: Areas and comparison of average prices, Jan–Mar and Apr–June, 2006

District	Jan–Mar average price	Index	April–June average price	Index
Cambridge City	£262,320	135.1%	£252,410	124.2%
East Cambridgeshire	£183,270	94.4%	£199,840	98.4%
Fenland	£141,060	72.7%	£144,510	71.1%
Forest Heath	£160,820	82.8%	£164,830	81.1%
Huntingdonshire	£178,530	91.9%	£200,730	98.8%
South Cambridgeshire	£248,640	128.1%	£248,090	122.1%
St Edmundsbury	£188,935	97.3%	£194,870	95.9%
Cambridge sub-region	£194,160	100%	£203,170	100%

Table 3: Comparing prices across Huntingdonshire

Further work has been carried out on earlier/later quarters regarding the North Hunts average property prices.

Quarter	N Hunts average price	Hunts average price	N Hunts as % of Hunts
Jan-Mar 2006	£156,000 (167)	£178,525 (918)	87.4%
Apr-June 2006	£168,910 (183)	£200,734 (1,152)	84.1%
Jul-Sept 2006	£180,240 (209)	£201,827 (1,223)	89.3%
Oct-Dec 2006	£181,372 (200)	£199,074 (1,079)	91.1%
Jan-Mar 2005	£156,573 (85)	£180,535 (598)	86.7%
Jan-Mar 2004	£154,302 (149)	£166,135 (1,021)	92.8%