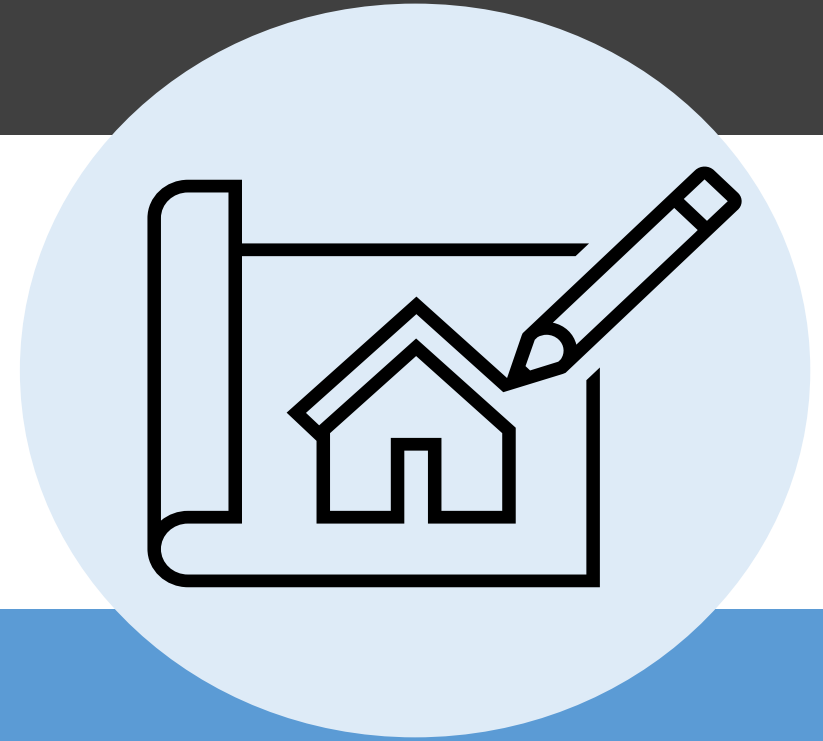


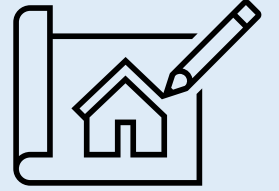


Housing Market Operation

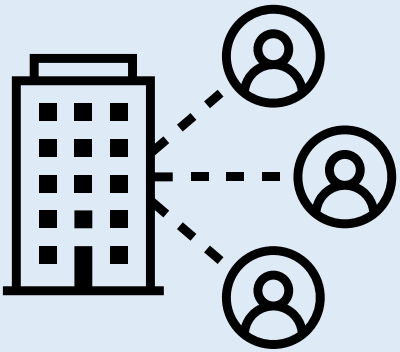
Moray Housing Market Drivers



- Population and households
- Housing market sub-areas
- Housing market access
- Housing affordability
- Economy and incomes



Housing Need & Demand Assessment Overview



Housing Need & Demand Assessments are designed to give broad, long-run estimates of what future housing need might be, rather than precision estimates.

They provide an evidence-base to inform housing policy decisions in Local Housing Strategy (LHS) and land allocation decisions in Development Plans.

The previous Housing Need & Demand Assessment for the Moray area was produced in 2017.

An HNDA estimates the future number of additional housing units to meet existing and future housing need and demand in a housing market area

It also captures contextual information on the operation of the housing system to assist partners to develop policies on new housing supply, the management of existing stock and the provision of housing related services.

This contextual information includes an analysis of demographic, affordability and wider economic trends which are key drivers of local housing markets.

This analysis helps partners to understand local housing market dynamics and make evidence-based choices on meeting housing need and demand

Housing Market Drivers: What's our starting position?

This briefing will explore...



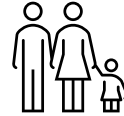
Population profile & projections



How is the population profile projected to change across the Moray area?

What does this mean for housing supply?

Household profile & projections



How is the household profile projected to change across the Moray area?

What does this mean for housing supply?

Housing market profile



How healthy is the housing market across the Moray area?

How does this influence the ability of local households to meet housing need?

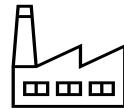
Housing affordability profile



Are housing options affordable in the Moray area?

Where is there evidence of housing affordability pressures?

Economic profile



How healthy is the economy in Moray?

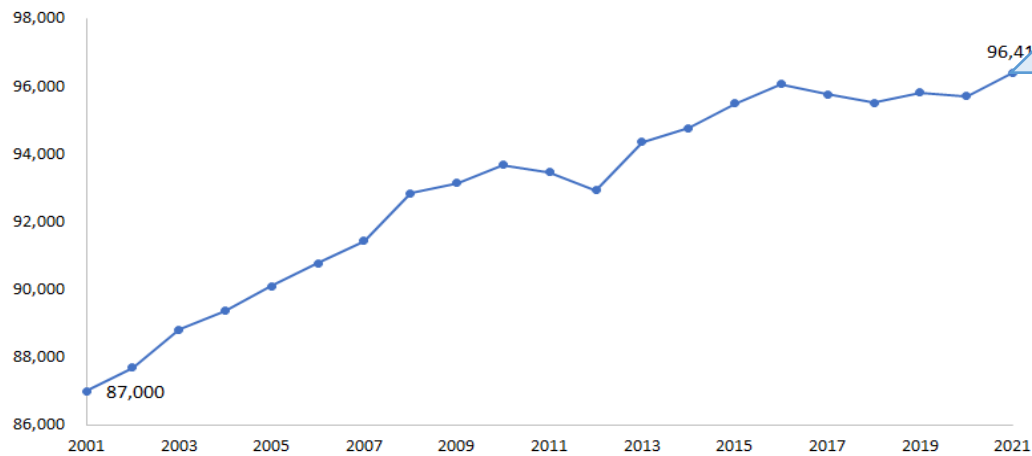
How might the Moray economy have an impact on future housing need, demand and supply pressures?



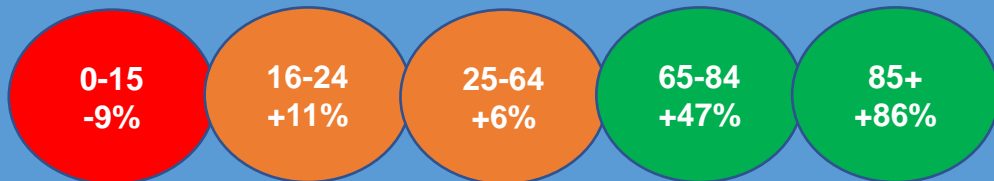
Demographic Profile: Population change

Over the last 20 years, the population living in the Moray area grew by 11% compared with 8% across Scotland

Moray Change in Population 2001 - 2021

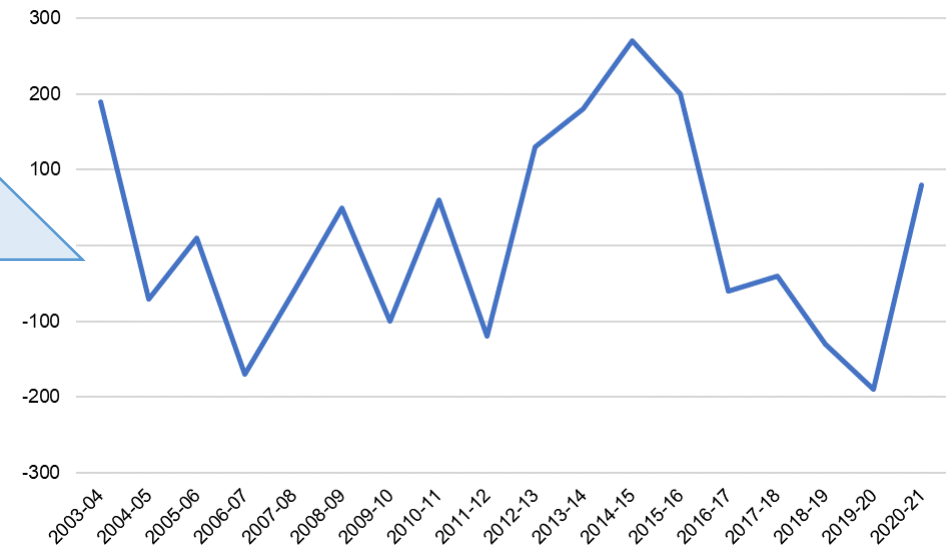


Whilst the population in Moray has grown since 2001 it has aged significantly



Despite negative natural change, inward migration to Moray until 2015/16 has created population growth

Local Net Migration within Moray 2004 - 2019

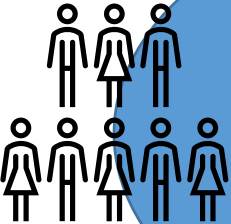


Driven by lower migration levels since the financial crash in 2012 and the Brexit Referendum in 2016 Moray population growth has slowed down since 2011.

Overall since 2003, within Moray local net migration has decreased dramatically (-58%) with evidence suggesting a post Covid bounce of inward migration in 2020/21



Demographic Profile: Population projections



Between 2018 and 2043, the population of Moray is projected to decline by -2.7 % (compared with 2.6% nationally)

- 0.12% decline 2018 - 2028
- 1.57% decline 2028 - 2038
- 1.00% decline 2038 - 2043

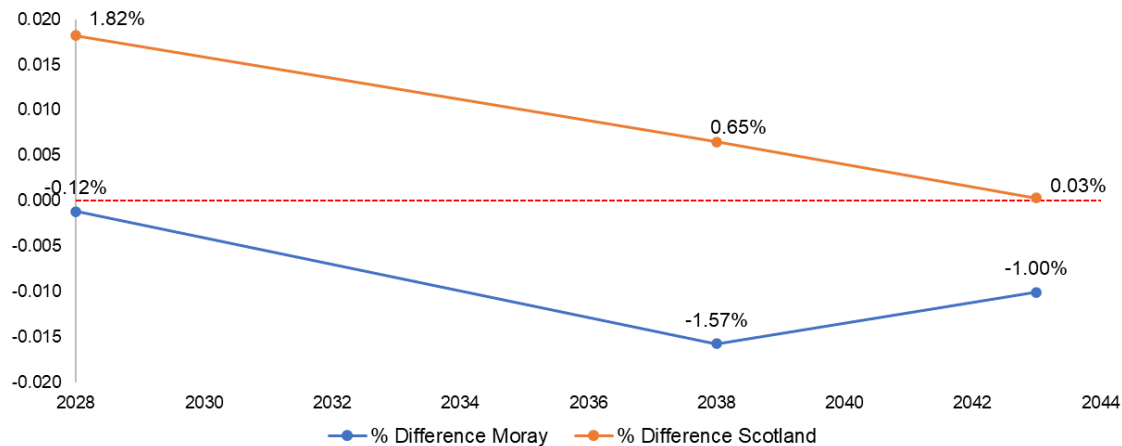
Population change has been driven by an aging population in Moray alongside a decreasing younger and working population.

- The working age population is projected to decrease by almost -12% in the next 20 years
- The 65+ age cohort will increase by almost 24%.
- The 85+ age group will increase by 85%



These projections could impact on the sustainability of the Moray economy and will necessitate housing, health & care interventions that enable the growing population of older people to live independently and well.

Percentage Population Projections All Years 2018 - 2038



Population by Age Group 2022-2042

Age Band	Moray	Scotland
0-15	-18%	-10%
16-24	-17%	-5%
25-64	-11%	-3%
65-84	24%	22%
85+	85%	64%
Total	-3%	2%

Source: NRS Population Projections (2018 based)



Demographic Profile: Household change

In 2021, there were an estimated 43,590 households living in Moray, an increase of 8.5% since 2011.



Household growth is higher in Moray Council when compared to Scotland's growth of 6.41%

Change in Number of Households 2001 - 2021				
Area	2011	2021	Number	%
Moray	40,155	43,590	3,435	8.55%
Scotland	2,376,424	2,528,823	152,399	6.41%

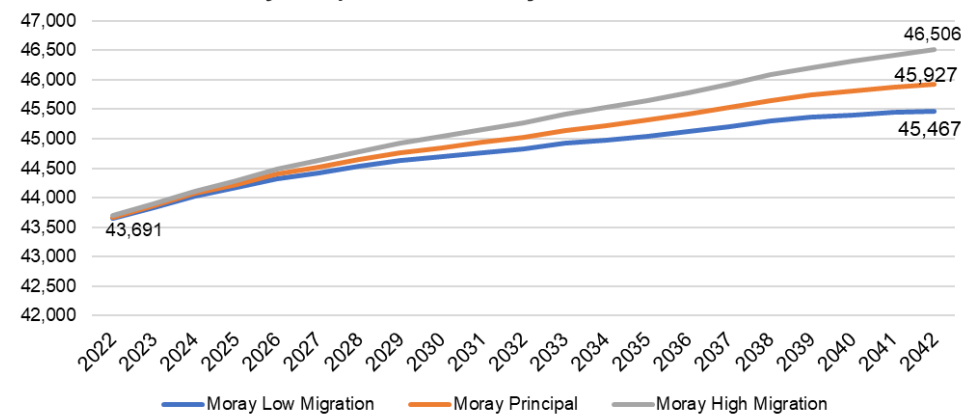
Over the last 20 years the average household size across Moray has reduced, from 2.28 in 2011 to 2.15 in 2021.

This pattern is projected to continue over the next 20 years with a projected growth in single person households by 16.5%, couples by almost 11.2% and adult & 1 child 1.4%. All other households types are projected to decline

All three projection scenarios (principal, high and low migration) project a slight increase in the number of households living in the Moray area

In September 2020, the NRS published household projections for every local authority in Scotland, based on the 2018 population estimates. The projections include a principal scenario and variants based on alternative assumptions about migration trends (high and low).

Moray Population Projections 2022-2042



HNDA Survey Insights

- 1/3 households in Moray are aged 65+
- 27% of households in Moray would like to move home in the next two years with 10% aspiring to move from the Moray area

Principal
5%

High
6%

Low
4%

Housing Market Sub-Areas

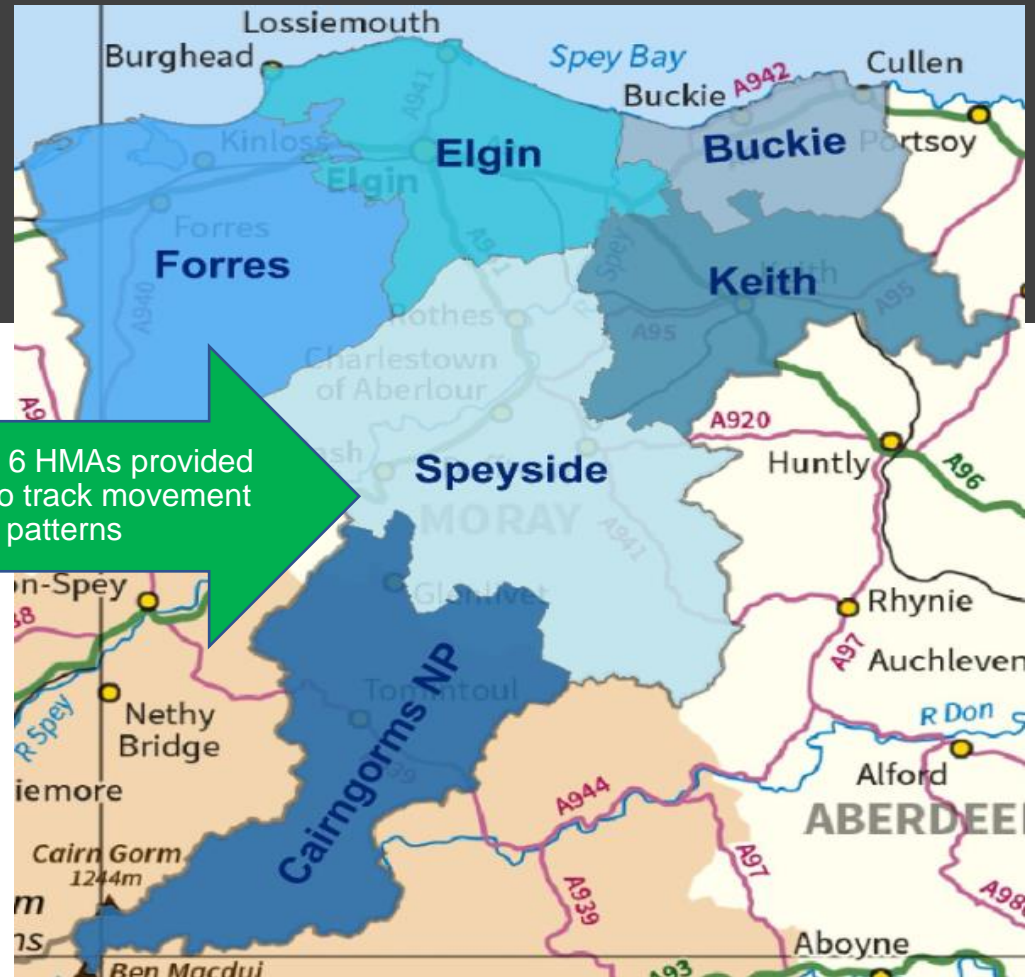


A Housing Market Area represents a spatial area where if existing households live or work, they would also be willing to search for alternative accommodation

Functional Housing Market Areas can be measured by analysing the movement patterns of house purchasers using transaction data from the National Records of Scotland

This analysis identifies the origins of households purchasing homes within the Moray area to track the proportion of sales to purchasers in or around Moray or by those moving into the area

Previous 6 HMAs provided a basis to track movement patterns



4,646

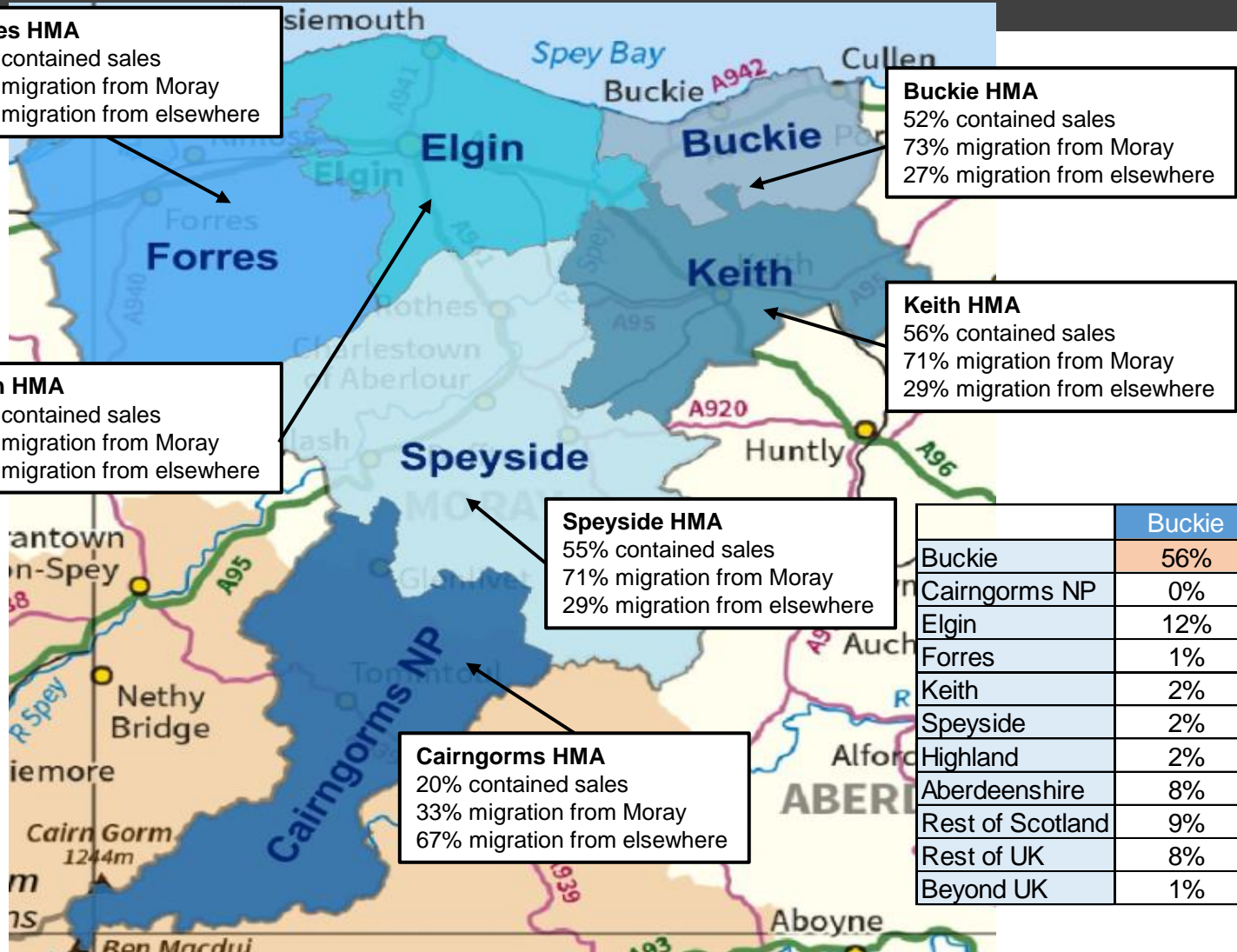
Transactions over a 3-year period (2017/18-2019/20) were analysed
Assess if existing HMAs still offered a good basis to plan homes and measure the needs of communities

6 functional Housing Market Areas have been validated





Housing Market Sub-Areas: Containment & Migration



76% of all house sale transactions are made to households in or around the Moray area

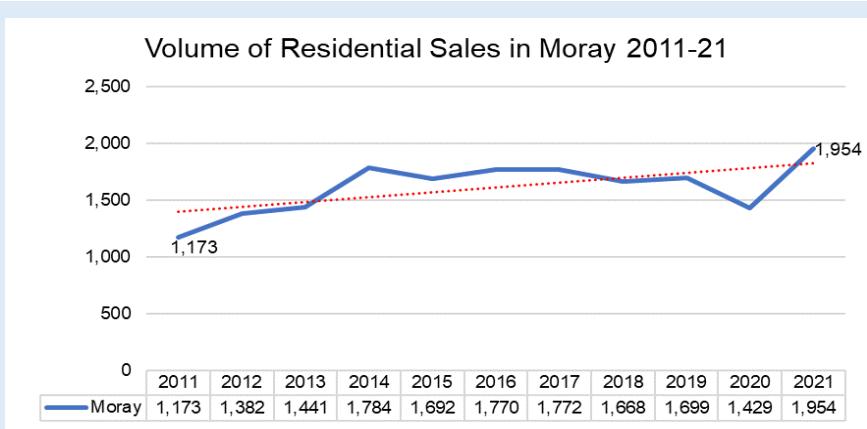
- All HMSAs are self contained with the exception of the Cairngorms HMSA which is dominated by in-ward migration (67% sales)

	Buckie	Cairngorms	Elgin	Forres	Keith	Speyside	Moray
Buckie	56%	3%	2%	0%	4%	1%	11%
Cairngorms NP	0%	20%	0%	0%	0%	1%	0%
Elgin	12%	0%	72%	8%	7%	8%	41%
Forres	1%	3%	5%	59%	1%	0%	13%
Keith	2%	3%	1%	0%	56%	5%	5%
Speyside	2%	5%	2%	0%	2%	55%	5%
Highland	2%	11%	3%	10%	1%	5%	4%
Aberdeenshire	8%	0%	3%	3%	11%	5%	4%
Rest of Scotland	9%	13%	5%	7%	8%	7%	6%
Rest of UK	8%	35%	7%	10%	8%	11%	8%
Beyond UK	1%	8%	1%	2%	0%	1%	1%



Housing Market Profile

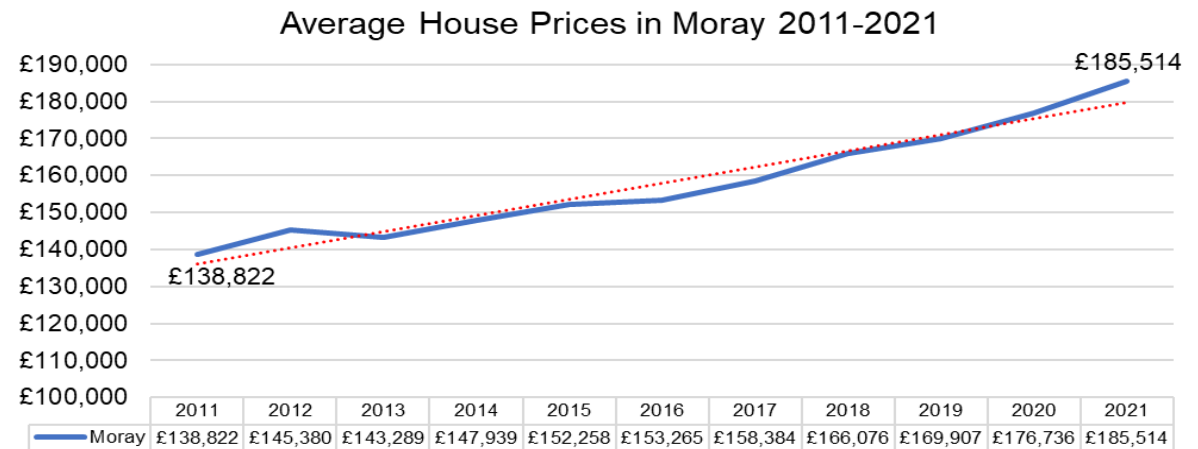
There has been a significant increase in market activity rates in the Moray area in the last decade. Sales have increased by 67% in Moray in the last 10 years from 1,173 sales in 2011 to 1,954 in 2021. This is similar to the rate of growth in Scotland over the last decade (69%)



Following a reduction in 2020 due to Covid restrictions, sales volumes increased by 37% in 2021



In 2021, the average house price in Moray was £185,514 which is 8% below the Scottish average house price at £201,160. Between 2011 and 2021, house price inflation across Moray grew by 34%, slightly above Scotland at 29%.



Pre-Covid house sale values demonstrate the range across Moray's 6 sub housing market areas. Average house prices vary from £139k in the Cairngorms to £175k in Forres

	Lower Quartile	Median	Average	Maximum
Buckie	£90,000	£127,000	£143,070	£420,000
Cairngorms	£82,500	£122,500	£139,319	£468,000
Elgin	£113,000	£165,000	£173,675	£662,000
Forres	£110,000	£155,000	£175,340	£700,000
Keith	£102,500	£135,000	£156,243	£520,000
Speyside	£100,000	£133,250	£158,403	£435,000
Moray	£105,000	£150,000	£166,487	£700,000



Housing Market Operation: Prices & Market Access

Market affordability analysis reveals that households must spend up to 5.1 times the local median income to afford the median house price in Moray.

In some HMA's this increases to 5.4 times. This is well in excess of the typical 3.9 X's multiplier used for mortgage purposes.

	Moray Incomes 2021	Moray House Prices 2021	Income to Price Ratio
Lower Quartile	£17,852	£115,111	6.4
Median Income	£31,407	£161,159	5.1
Average Income	£38,416	£185,514	4.8



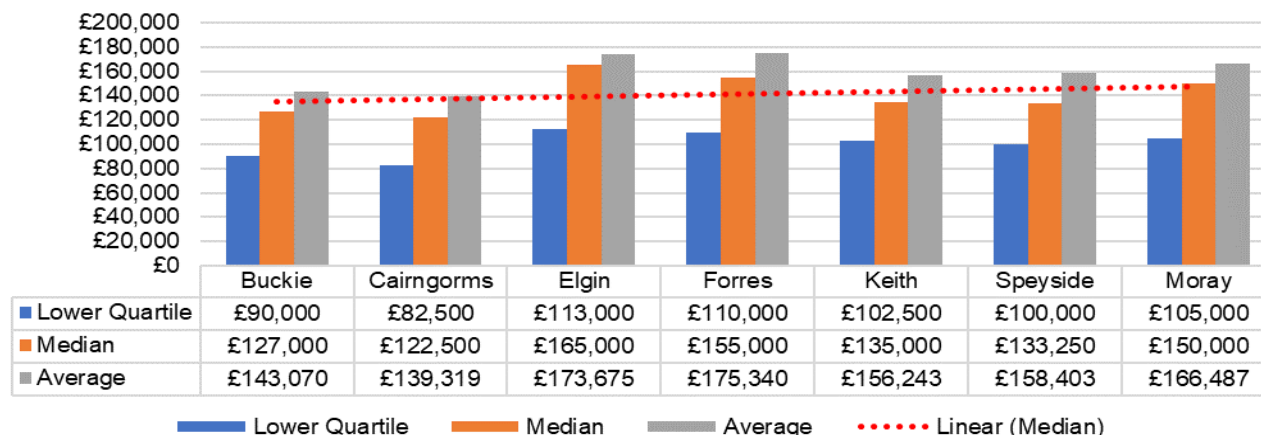
Affordability is extremely challenging at market entry level

Using the Scottish Government's methodology to test market entry (benchmarking lower quartile incomes to lower quartile house prices), reveals that households in Moray must spend over **6.4 times** their income to purchase a home.

Home ownership is out with the reach of local households on lower incomes, which is particularly challenging given the dominance of home ownership in the area

	Median Incomes 2018	Median House prices 2018/19	Income to Price Ratio
Buckie	£27,560.00	£140,000.00	5.1
Cairngorms	£27,040.00	£165,000.00	6.1
Elgin	£31,200.00	£165,000.00	5.3
Forres	£31,720.00	£175,000.00	5.5
Keith	£28,600.00	£140,000.00	4.9
Speyside	£28,600.00	£155,000.00	5.4
Moray	£30,160.00	£159,000.00	5.3

House Price Benchmarks by HMSA 2018/19





Housing Affordability Profile

The affordability of housing options in the Moray rental market varies substantially by housing tenure:

- Moray Council monthly rent (£277.85) is 39% lower than RSL rents at £386.14
- The monthly LHA rate ranges from £600.86 for Highland and Islands to £690.60 for Aberdeen & Shire
- Average market rents in Moray are £695.75 per month more than double local authority rent levels and with a 16% difference between market rents and H&I LHA rate.

Moray	Rental value
Local Authority Monthly Rent	£277.85
RSL Monthly Rent	£386.14
PRS Monthly Rents	£696.00
LHA Rate Highlands and Islands	£600.86
LHA Rate Aberdeen and Shire	£690.60

	% Difference LA - RSL Rent	% Difference LA - PRS Rent	% Difference H&I LHA - PRS
Moray	-38%	-150%	16%

Moray HNDA partners have developed a housing affordability model to test the value of local incomes meet housing costs across a range of housing tenures

The analysis demonstrates the affordability pressures faced by local households:



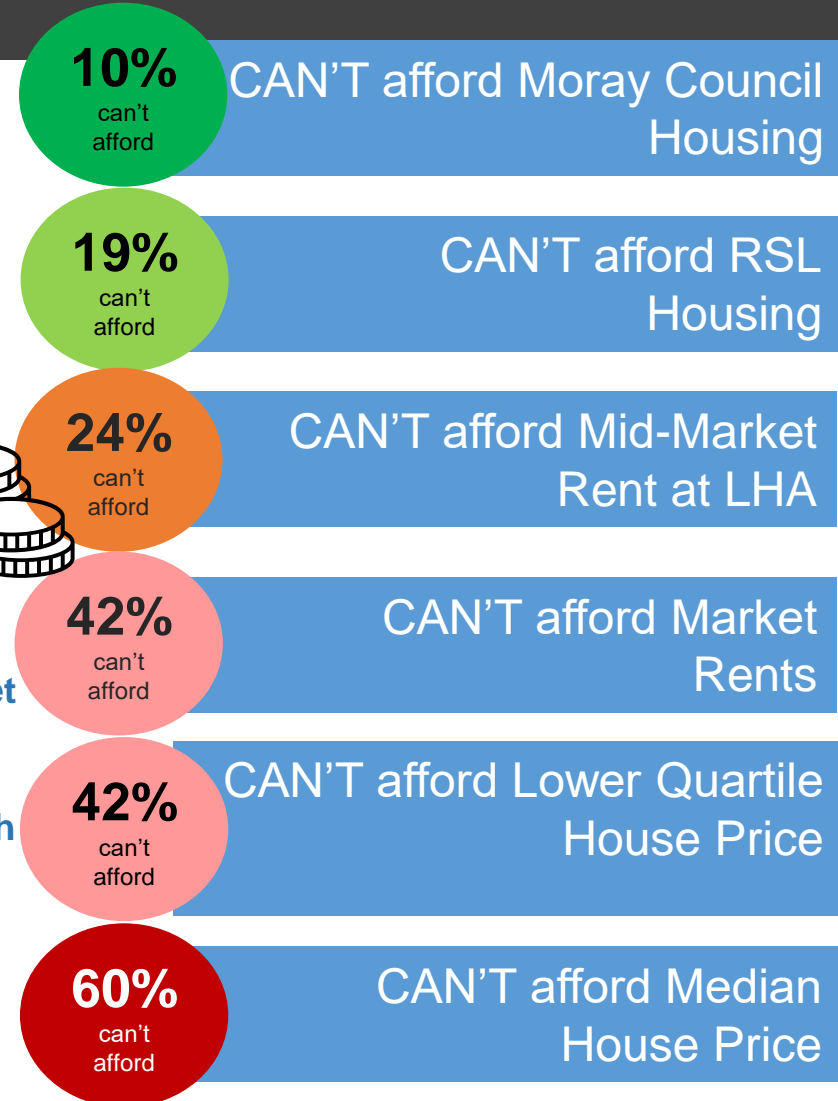
Whilst RSL rents are affordable for 81% households in Moray, market rents are only affordable to 58% households



Market rents are out of reach for those households on lower incomes.



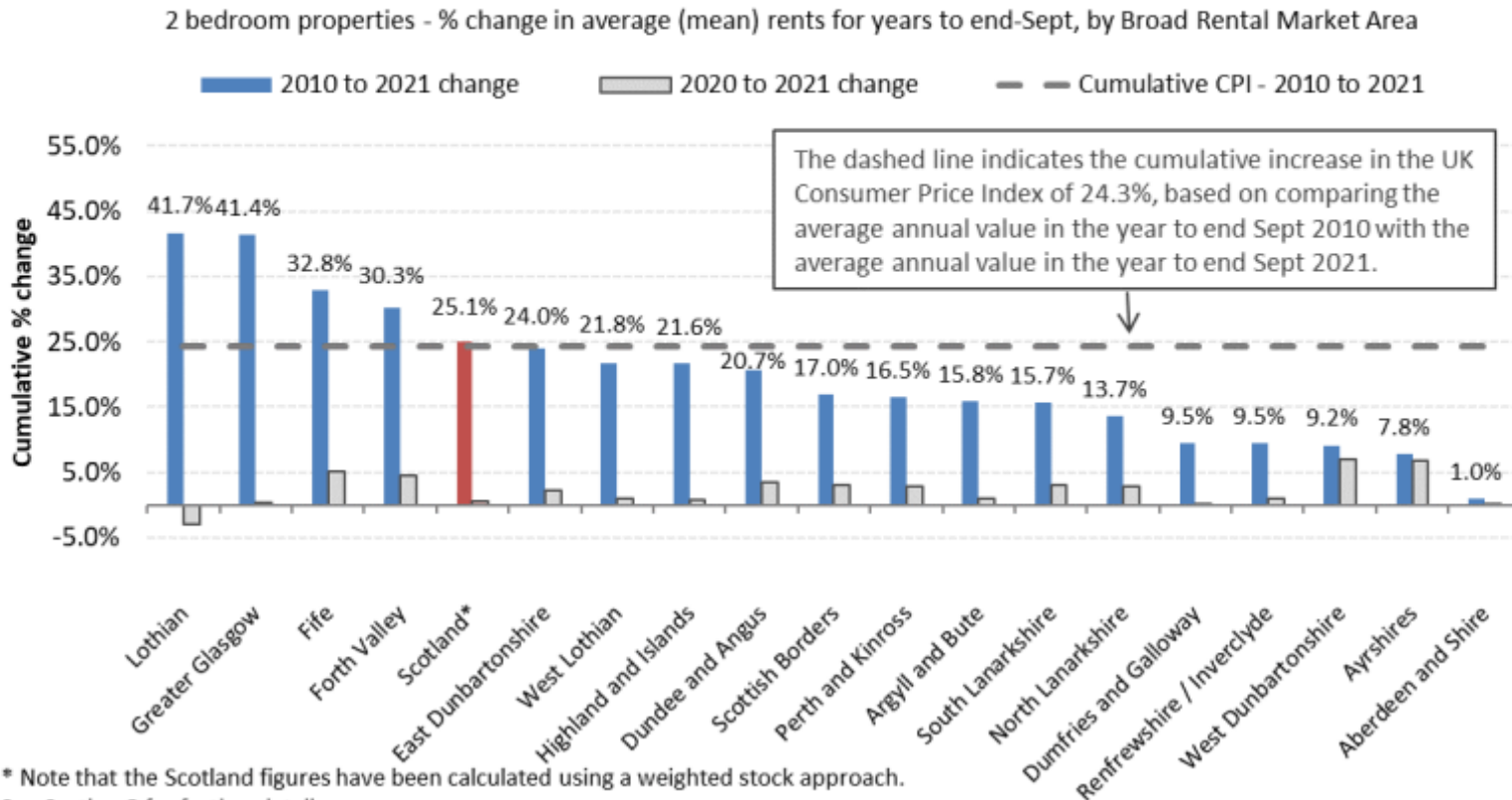
Almost 42% of households in Moray cannot afford to access Home Ownership even at market entry levels





Housing Market: Private Rented Sector Price Inflation

Chart 1: Lothian and Greater Glasgow have seen the largest cumulative % rises in average 2 bedroom rents between 2010 and 2021, although Lothian has seen a drop of 2.9% in the latest year



Rents in the Highland and Islands Broad Rental Market Area have increased cumulatively by 21% over the last decade (average 2.1% per annum). This is below CPI at 24% over the decade.

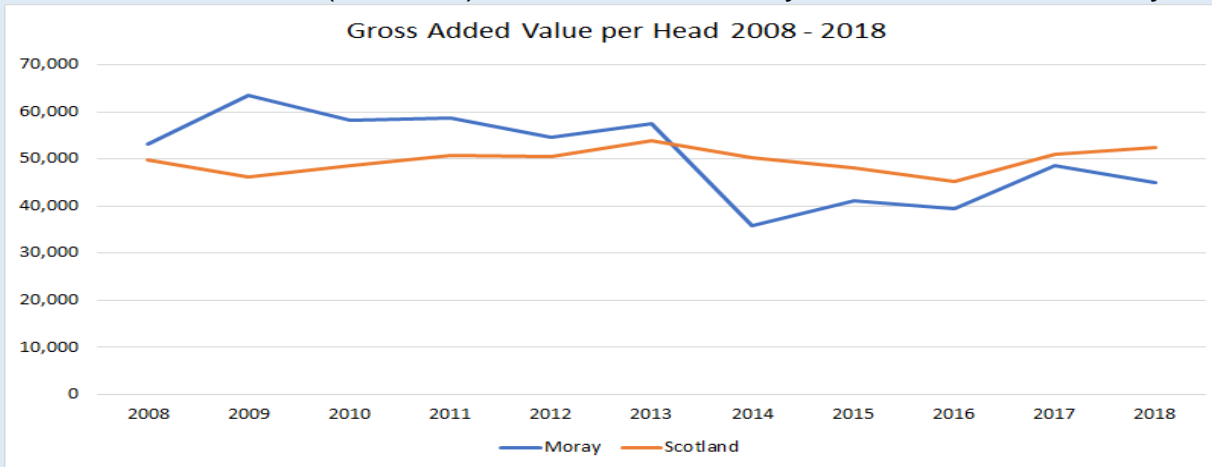
Rents in the Aberdeen City & Shire Broad Rental Market Area have remained almost completely static in the last decade

Economic Profile



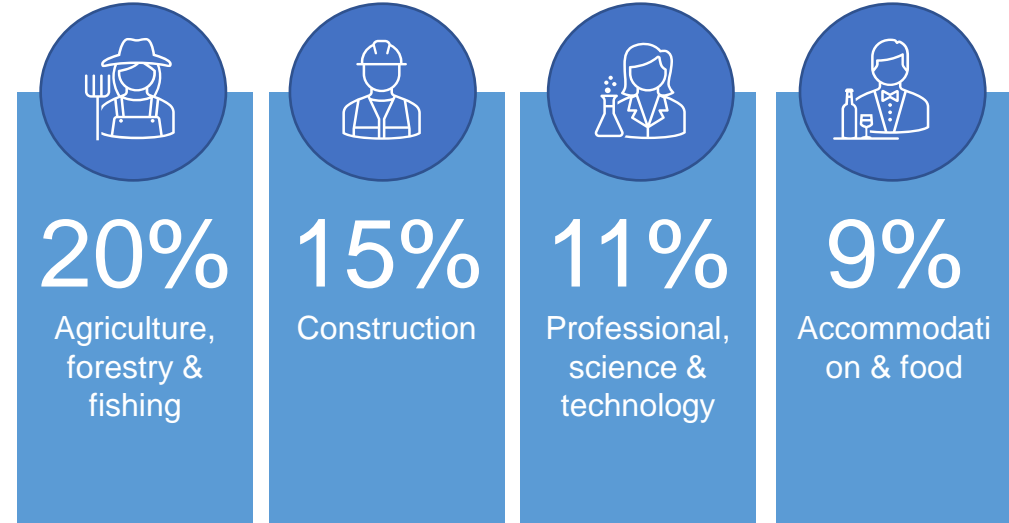
Economic Profile headlines

- Economic activity rate for Moray sits at 72.80% (45,300 people) in 2021 which is slightly less than Scotland at 73.2%
- Economic inactivity in Moray accounts for 24.70% (14,800 people in 2021) which is higher than Scotland at 23.5%
- The claimant count rate in Moray for 2022 sits on average at 2.3% which is lower than Scotland at 3.1%
- The Gross Added Value per head is 14% lower across Moray (£45,019) than is the case across Scotland (£52,549). GVA has shrunk by 15% over the last 10 years



- Between 2016 -2021, 1,565 new enterprises started in Moray (20% reduction since 2016) and 1,560 closed in the same period

Moray Enterprise by Industry 2022 (ONS)



Average Moray weekly pay = £518.40 compared with Scotland average of £599.20

The annual change in weekly pay between 2020 & 2021 was -1.6% compared with a Scottish increase of 4.1%

Household Income Profile



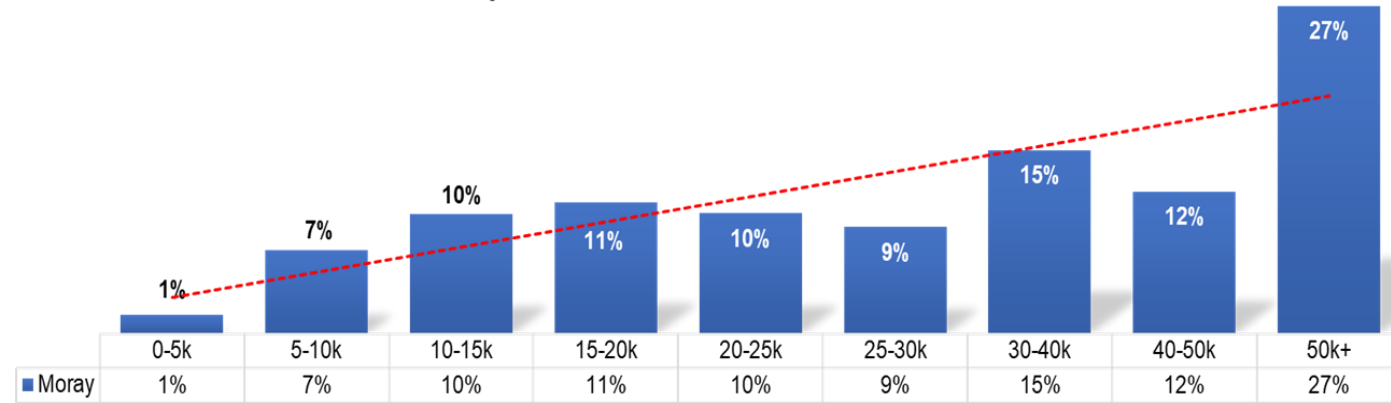
In 2021, the average income in Moray was £38,416 which is 1% above the Scottish average at £37,942.

Lower quartile incomes in Moray were 8% higher than the national average

CACI PayCheck Income Benchmarks for Moray 2021

	Moray	Scotland	% Difference
Mode Income	£ 17,500	£ 17,500	0%
Lower Quartile	£ 17,852	£ 16,497	8%
Median Income	£ 31,407	£ 29,876	5%
Mean Income	£ 38,416	£ 37,942	1%

Moray Banded Income Profile 2021

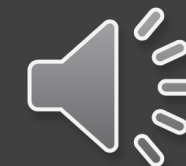


£17,852 Lower quartile income

£31,407 Median income

£38,416 Average income

However, there is evidence of income inequality in Moray with 39% of the household population earning less than £25k per annum and 39% earning more than £40k



Housing Market Drivers Key Issues

Population profile & projections



Over the last 20 years, the population living in the Moray area has grown by 11%. Despite negative natural change, inward migration to Moray has created population. However, Moray population growth has slowed down since 2011, and continuing this pattern, between 2018 and 2043, the population of Moray is projected to decline by -3%.

Household profile & projections



In 2021, there were an estimated 43,590 households living in Moray, an increase of 9% since 2011.

Recent household projections produced by the National Records of Scotland estimate that the number of households living in Moray will increase very modestly by 5% over the next 20 years fuelled by a growth in smaller households.

Housing market profile



Between 2011 and 2021 the volume of house sales increased by 67% in Moray. House prices have grown steadily over the same period by 34%.

House sales analysis show the range in average house prices across Moray from £139k in Cairngorms to £175k in Forres.

Housing market access



Market affordability analysis reveals that households must spend up to 5.1 times the local median income to afford the median house price in Moray.

In some HMA's this increases to 6.1 times. This is well in excess of the typical 3.9 X's multiplier used for mortgage purposes.

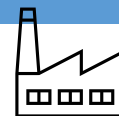
Housing affordability



The affordability of housing options in the Moray rental market varies substantially by housing tenure. Average market rents in Moray are £696 per month, more than double local authority rent levels. 42% of households in Moray cannot afford market rents.

42% of households cannot afford lower quartile house prices in Moray and 60% cannot afford the median house price.

Economic profile



From 2008-18, Gross Added Value (GAV) shrunk by 15% in Moray with the GAV per head 14% lower across Moray (£45,019) than Scotland (£52,549)

Average Moray weekly pay equals £518 compared with the Scottish average of £599.20.