

**LOCH LOMOND AND THE TROSSACHS
NATIONAL PARK AUTHORITY**

**Housing Market Analysis to Inform
Local Development Plan Evidence Base**

Report by

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SUMMARY FINDINGS

This report brings together findings from all stages of the research study to explore the recent operation and dynamics of the housing market, and associated affordability related housing pressures across the National Park. Key findings in relation to (i) the range of housing geographies operating across the National Park, and (ii) housing market dynamics in the Park area are set out below.

Housing geographies in the National Park

The Park does not form a single coherent functioning labour market area or housing market area. There are few discernible links between the north and south of the National Park, and the east and west of the National Park. Nevertheless there are important spatial sub-divisions within the Park with some strong links to areas outwith the National Park boundary.

On the basis of the statistical and qualitative evidence presented in this report, it is possible to differentiate a number of sub-areas with their own distinctive housing dynamics.

The Wider Loch Lomondside and, within it, the Loch Lomondside LDP Area as defined in the Park's Local Plan, forms a distinctive area that has minimal connections to the rest of the National Park. The communities that fall within the Loch Lomondside LDP area as well as Arrochar, Succoth and other small communities adjacent to the LDP boundary experience very considerable housing demand from the Greater Glasgow HMA and long distance movers. Housing market dynamics of this area are therefore very strongly shaped by trends in the Greater Glasgow HMA and developments at the UK wide level. Within the Wider Loch Lomondside Area, Balloch is the only community in the Dumbarton HMA but it also has strong links with the Greater Glasgow HMA.

The Callander & Aberfoyle area forms part of the Stirling HMA, albeit it is an area where there is some overlap between the Stirling and Greater Glasgow HMAs. As such, the local housing market is shaped by developments in both of these markets.

The Cowal area seems to have experienced some spill over from the Greater Glasgow HMA in the boom years, but it continues to form an integral part of the Cowal HMA area, which is centred on the service centre of Dunoon. The housing markets in the communities of Crianlarich, Killin, St Fillans and Balquhidder have few functional links to each other, but their small size precludes robust statistical analysis of housing market trends for each individual area. However, any future work to examine each of these distinctive communities should take account of the fact that St Fillans forms part of the Strathearn HMA, whereas the other communities are very loosely connected to the Stirling HMA.

Housing market dynamics

Prior to 2007 house prices rose sharply, although the rate of inflation at all points in the house price distribution were was broadly in line with those in Rural Accessible Scotland. Since the housing market downturn in 2007-08, prices have edged back, especially at the lower to middle end of the market. Nonetheless, the National Park has remained one of the one of the more expensive areas to buy a house across Scotland.

The flow of households from one settlement to another to purchase housing that consumers want at a price they are prepared to pay, is central to the functioning of any housing market. It is therefore not necessarily a signal of housing system imbalance. In the case of the National Park however, the flow of households from the Greater Glasgow HMA and further afield had been one factor contributing to high prices evident across much of the Park. The inflow of 'long distance' buyers is also contributing a growing age imbalance that has become more evident in recent years.

Incomes to price ratios indicate that households resident in the National Park seeking to access the housing market continue to experience very substantial affordability pressures. Available evidence suggests that affordability pressures remain more significant than for Scotland for a whole. That said, Park-wide house prices are not significantly less affordable for resident households than elsewhere in Rural Accessible Scotland.

Affordability pressures are not uniform across the Park area. As expected, the Wider Loch Lomondside, and more especially the Loch Lomondside LDP, continues to demonstrate the most severe affordability pressures of all the sub-areas. Affordability pressures in the Callander & Aberfoyle are also in excess of the rate for Rural Accessible Scotland.

Available data does not support detailed exploration of the socio-economic profile of households by income. However the economic and age profile of the population would suggest that most lower income households with an income of £15,000 or less are likely to be either working age households reliant on state benefits and/or low paid work or retired households, including those in receipt of pension credit or pension saving credit. For these households, house purchase is unlikely to be a credible option, unless they are already homeowners with substantial equity. Likewise, access to private renting is likely to depend on access to Housing Benefit.

In many of the more expensive housing markets across Scotland private renting can be a cheaper than home purchase, at least for those that require 1-2 bedroom properties. In theory, private lets at rents akin to the Local Housing Allowance would ease affordability barriers for households living in the National Park with modest incomes (e.g. £18-30,000). The challenge is that little is known about the operation of the private rental market, nor the numbers of modestly priced private lets that become available for relet on the open market each year. In the absence of this evidence it is difficult to gauge what role private renting is or could play in addressing the affordable housing needs of local residents.

Prospective first time buyers looking to buy in the National Park are also reported to be hampered by the limited supply of smaller one and two bedroom properties within the housing stock. Although smaller properties tend to be resold more frequently, the numbers of these units becoming available for sale each year is reported to be very modest, especially in the years since 2008.

Market conditions remained subdued in 2011 and feedback from estate agents and others suggests this still was the case through 2012 and 2013. This reflects a combination of factors including wider economic trends such as the lack of real growth in earnings and tight mortgage lending criteria.

As the economic outlook and prospects for growth in earnings remain somewhat uncertain, it is likely that the recovery of the housing market will be a slow process. This may constrain household formation in the shorter term. On the other hand, without some increase in the annual supply of affordable housing at the lower end of the market, existing resident households that are in a financial position to buy are likely to continue to have to look outside the National Park. The risk is that this will hinder attempts to improve local economies and secure the sustainability of local communities, villages and towns.

1 INTRODUCTION

- 1.1 The Loch Lomond and Trossachs National Park Authority commissioned Craigforth, Newhaven Research and University of Stirling to undertake a local housing market assessment for the National Park area. The principle aim of the study was to provide an up to date and detailed understanding of housing market dynamics and affordability pressures across the National Park, to inform the preparation of the Main Issues Report and supporting documentation as part of the process of preparing the National Park Local Development Plan by 2016.

Background and study objectives

- 1.2 Loch Lomond and the Trossachs National Park (LLTNP) was established in July 2002, covering an area of approx. 1,865km² that extends across parts of the four local authority areas of Argyll & Bute, Stirling, West Dunbartonshire and Perth & Kinross. The National Park Partnership Plan 2012-2017 sets out the Park Authority's and partners' priorities for the sustainable economic, physical and social development of the National Park, whilst safeguarding the area's natural habitat and other special qualities. In particular, the Plan highlights the significant role that facilitating working age households to secure affordable housing can play in redressing the decline and growing age imbalance of the local population, and in sustaining thriving communities.
- 1.3 A key vehicle for ensuring delivery of the National Park Partnership Plan and its social and economic outcomes, is the statutory LLTNP Local Plan 2010-15. The Local Plan sets out a spatial framework to shape development and use of land in the National Park to achieve the LLTNP's statutory aims and outcomes, as set out in the Partnership Plan. Of most direct relevance to the operation of the housing market across the National Park area, the Local Plan also sets out six housing policies which describe the types of housing development that will be supported across the National Park area:

Policy HOUS1	New Housing Development within Settlements
Policy HOUS2	Local Housing Needs in the Loch Lomondside Area
Policy HOUS3	New Housing Development Adjacent to Settlements
Policy HOUS4	New Housing in the Small Rural Communities and Building Groups in the Countryside
Policy HOUS5	Housing in the Countryside
Policy HOUS6	Meeting the Range of Housing Needs

- 1.4 The Local Plan will be replaced by a Local Development Plan (LDP) for the period 2016-2021, and the Park Authority has commenced work on the preparation of the LDP. A key part of this process will be the production of a Main Issues Report and set of accompanying background papers - including a population and household paper, and consideration of affordable housing needs in the Park – that will form the basis for consultation in early in the 2014. The Main Issues Report and accompanying papers will build on priorities and outcomes set out in the National Park Partnership Plan 2012-17, and the revised Scottish Planning Policy and National Planning Framework which have recently been the subject of Scottish Government consultation exercises.
- 1.5 In terms of evidence on the operation of the housing system across the National Park, the Main Issues Report and accompanying papers will have to take account of the Housing Need and Demand Assessments (HNDAs) produced by each of its constituent local authorities, and outputs from the HNDA Tool being developed by the Centre for Housing Market Analysis (CHMA).
- 1.6 The role of the four local authority HNDAs in shaping the forthcoming LLTNP Local Development Plan also highlights the relationship between the National Park Authority and each of the four local authorities. The Park Authority has responsibility for preparing a Local Development Plan which sets out housing priorities for the LLTNP area. However, each of the four local authorities retain lead responsibility for addressing housing needs and demand in the National Park area, through their Local Housing Strategies and Investment Plans.
- 1.7 This balance of responsibilities highlights the need for coordination in the housing priorities – and indeed the wider social and economic priorities – being pursued by the National Park Authority and each of the four local authorities. This is particularly the case given the nature of the National Park area which is dominated by the Argyll & Bute and Stirling local authorities, but which accounts for a relatively small proportion of the population of these two local authority areas.
- 1.8 There are a number of challenging factors for the Park Authority in compiling the evidence base on housing market dynamics and housing needs in the Park area, the first being that the four separate HNDAs which cover the LLTNP are based on different timescales, data sources and assumptions - and do not always provide specific figures for the National Park. The continued difficult economic climate has also created much greater uncertainty about the potential scale of market and affordable housing requirements over the short to medium term.

- 1.9 However it remains the case that the National Park is not a single self-contained housing market. In common with other rural areas, the functional links (such as household flows) between different settlements and local communities within the National Park tend to be limited. Moreover, some local communities are linked into wider housing markets that adjoin or extend into the National Park area. There is therefore a clear and long standing perception that different sub-areas within the Park experience different housing affordability related pressures. In particular, areas such as Loch Lomondside have historically experienced high levels of demand from commuters, long-distance migrants (including those retiring to the area) and second homebuyers that have been able to out-bid local residents seeking a home of their own. Section 2 of this report considers the housing geographies affecting the National Park area in more detail.
- 1.10 As the HNDA toolkit is not designed to address specific geographies at a sub-National Park or sub-local authority level, there is a need to review the operation of the housing market across the National Park, and how this has shaped affordability pressures across the area. Section 3 considers available evidence on house sales and price trends across the National Park area, and the likely extent of affordability pressures being experienced by those seeking to access the open housing market.

Study method

- 1.11 The study was primarily desk-based in nature, and incorporated the following key elements:
- An initial briefing session to ensure our analysis was based on a sound understanding of the relevant housing policy issues.
 - A review of the most recent HNDA reports and most pertinent local policy documents to enhance the study team's understanding of the local environment and policy context.
 - The processing, editing and analysis of Sasines and CACI PayCheck data to provide a detailed account of the operation of the housing market across the National Park area. A 'cleaned' copy of the Sasines dataset is also being provided to the National Park Authority alongside this report.
 - A programme of qualitative in-depth interviews to gather local expert knowledge in order to cross-check (or triangulate) the findings from the secondary data analysis, and to gain a deeper understanding of the main housing affordability and related issues facing the National Park Authority. Interviewees at this stage included officers from local authorities covered by the National Park area, RSLs with housing stock in the area, property agents active in the private house sales market across the area, representatives of estates with land in the area, and a representative of the Council of Mortgage Lenders.

2 THE GEOGRAPHY OF LOCH LOMOND & TROSSACHS NATIONAL PARK

Introduction

- 2.1 This section explores the geography of the Loch Lomond and the Trossachs National Park (LLTNP). It outlines the key administrative geographies within the National Park and economically functioning areas said to operate across the National Park. It also explores the pattern of residential flows of house purchasers into, within and out of the National Park - and what can be inferred from this evidence in terms of the geography of the housing markets that operate across the National Park.

Administrative geography

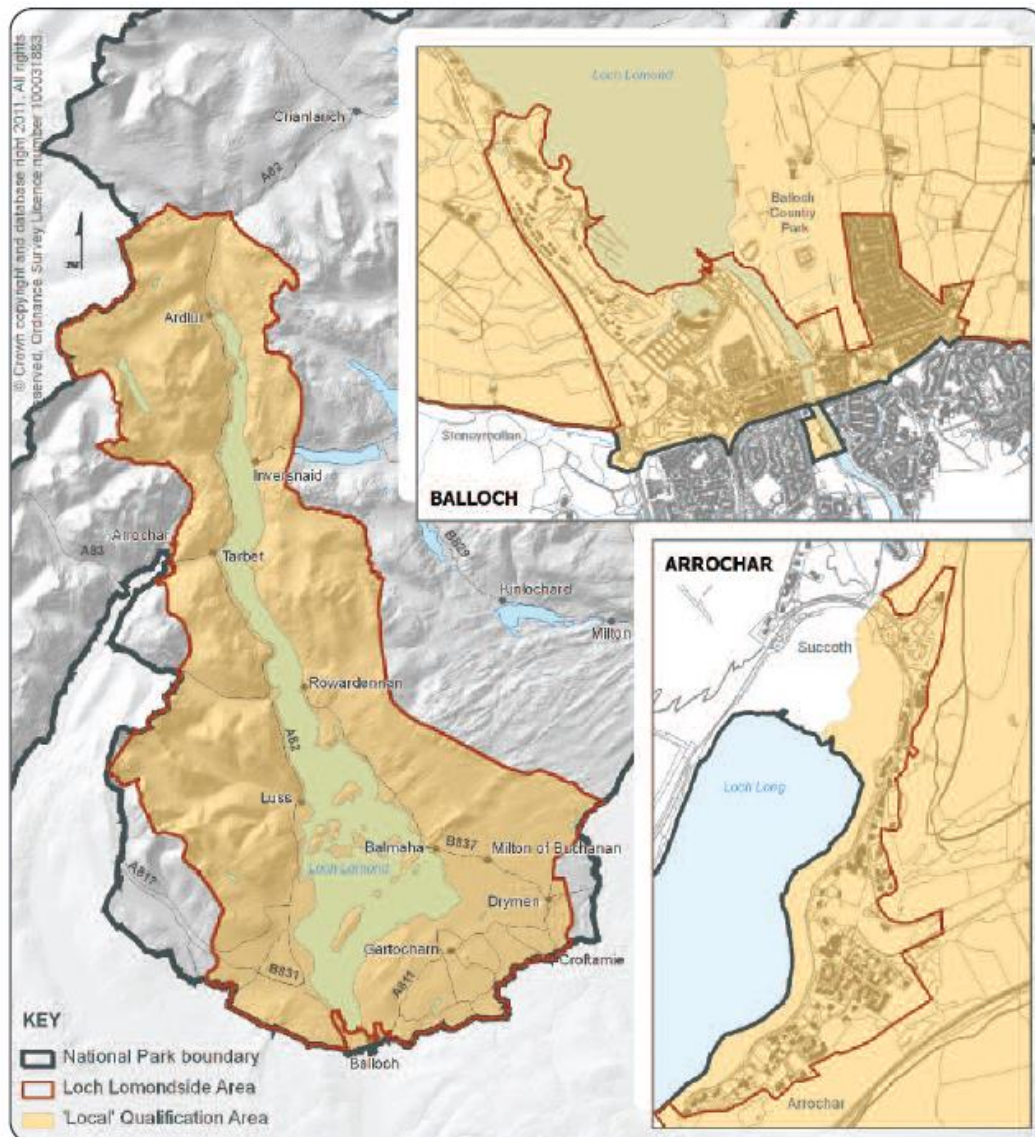
- 2.2 The LLTNP boundary extends across an area of 1,865km², equivalent to 720 square miles. Figure 1 (over the page) shows that starting from Tyndrum and Killin in the north, the boundary flows south along the eastern half of the Cowal peninsula to the Holy Loch, then eastwards along the south of Loch Lomond to Drymen before turning north to Callander and St Fillans at the eastern end of Loch Earn.
- 2.3 The Census 2011 indicates that the National Park is home to some 6,584 households and 15,168 people, of which 31% are aged 60 years or above. The four most populous localities are Balloch (part), Callander, Aberfoyle and Killin – these settlements are all within commuting distance of Greater Glasgow and Stirling, two of Scotland's most important centres of employment. Large shares of secondary school pupils also travel outside the Park to places such as Balfron, Dunoon, Helensburgh, Dumbarton and Crieff to attend school.
- 2.4 Whilst the Park Authority has responsibility for preparing a Local Development Plan and for dealing with all planning applications, the local authorities of Argyll and Bute, Stirling, West Dunbartonshire, and Perth and Kinross have lead responsibility for addressing housing needs and demand through their Local Housing Strategies and Investment Plans. The household population in each of the 4 local authority sub-areas within the National Park at 2011 is shown in table 1.

Table 1: Number of households split by local authority sub-area and tenure, 2011

	All households	Owner occupied	Social Rented	Private landlord or letting agency	Other (inc rent free)
Argyll and Bute	1,350	75%	10%	11%	5%
Perth and Kinross	113	74%	2%	20%	4%
Stirling	3,863	69%	18%	9%	4%
West Dunbartonshire	1,258	88%	5%	5%	2%
National Park	6,584	74%	14%	9%	4%
Scotland	2,372,777	62%	24%	11%	3%

Source: Census 2011 (derived from Table KS402SC for Census Output Areas, using NRS definition of LLTNP)

[illegible]

Figure 2: The Loch Lomondside Area

Source: LLTNP Local Plan

Functional geography

The rationale for establishing the functional spatial boundaries of economic markets

- 2.6 According to economists, a market functions where buyers and sellers come together to buy and sell goods and services, and where price reflects the interaction of supply and demand. In the case of the housing market, house prices are affected by short term demand factors such as earnings, household incomes and the cost and availability of mortgage finance. Over the longer term they are shaped by changes in the number and composition of households, which in turn are influenced by wider economic and labour market conditions. On the supply side, prices are mainly affected by the supply of new housing, which is influenced by land supply, land ownership, developer access to finance and land planning.

- 2.7 One distinctive feature of housing markets is that they have a strong spatial dimension. Households usually want to live in reasonable proximity to their place of employment, their wider social network and where they have a general sense of belonging. The main exceptions are households pursuing a major change in lifestyle such as those relocating to take up a new job or purchasing a second home. As households take little account of local authority boundaries when searching for housing, housing market areas often operate across local authority boundaries.
- 2.8 Another distinctive feature is that the geography of functional housing market areas can change over time. Where demand outstrips the number of properties available for purchase over a sustained period of time, households typically adjust their search activity. Aside from revising the price they are willing to pay, households often broaden the locations over which they are prepared to buy a home.
- 2.9 In order to explore how housing markets adjust to changing consumers' demands, it is therefore necessary to define their functional geography. This usually involves examining patterns of residential mobility to identify the geographical area where the majority of house buyers purchase alternative accommodation (see Scottish Government, 2008). Housing market areas (HMAs) therefore contain both the origin and destination of the large majority of buyers who move home.
- 2.10 Housing Market Areas are generally defined as coterminous rather than overlapping areas. However, most housing market areas exhibit some degree of overlap with adjacent HMAs and are influenced by changes in supply and demand in adjacent housing market areas. In mainly rural HMAs it is especially useful to investigate these overlaps as they provide an important insight into the ways that the local housing system is evolving and is likely to change in the future.

Challenges in defining HMAs in the National Park

- 2.11 There are three main challenges to defining housing market areas in rural locations such as the LLTNP. First, the limited volume of house transactions can hinder the identification of residential migration flows. For the LLTNP this problem is compounded by the fact that the spatial boundary of the National Park does not align with any administrative (or statistical) unit used to report relevant data. Consequently the 'origin address' of buyers recorded in Sasines sales data does not readily correspond to the Park boundaries. Second, housing markets in rural areas situated near to important centres of employment tend to be influenced by trends in the wider area and are effectively localised housing markets that nest within larger, predominately urban housing market areas. Third, in smaller and more remote rural areas such as Ardentinn the housing market is extremely 'thin'; there are often few, if any sales, from one year to the next. This makes it difficult to discern patterns from statistical data analysis alone.

2.13 'Travel to Work Areas' (TTWAs) represent local labour markets. They are the most widely known economic geography and are defined on the basis of commuting flows. As most people live close to their place of work, TTWAs are often used to approximate local housing market areas. There are currently 243 self-contained, coterminous and non-overlapping TTWAs across the UK, which were defined by Newcastle University (CURDS, 2007) using Census commuting data. Of these, six TTWAs operate in the National Park. These are Pitlochry, Perth & Blairgowrie, Stirling & Alloa, Dumbarton, Dunoon & Bute and Oban TTWAs (see figure 3).

[illegible]

Loch Lomond & The Trossachs National Park: Housing Market Analysis, Report, November 2013

2.14 As part of their strategic planning function, local authorities are required to prepare housing need and demand assessments (HNDAs) on a functional housing market area basis. The most recent HNDAs collectively identify that there are 5 HMAs which operate in the National Park:

- The Stirling HMA "to all intents and purposes" operates across Stirling and Clackmannanshire, although the Council considers the LLTNP area that falls within its administrative boundary to be an important sub-division for the purposes of assessing affordable housing need.
- The local Strathearn HMA includes St Fillian's and the rest of the LLTNP that falls within the Perth and Kinross Council's administrative boundary and thus the wider Perth HMA.
- The Cowal HMA extends across the whole of the peninsula and therefore includes the important service centre of Dunoon and other towns that lie outside the National Park - as well as places such as Kilmun and Ardentinnay that fall within the National Park.
- The Helensburgh & Lomond HMA extends along Loch Lomondside and includes Luss, Arden, Arrochar and Tarbet. However, the local HMA is centred on the service centre of Helensburgh, which again is located outside the National Park.
- The Glasgow and Clyde Valley HMA confirmed that the Dumbarton and Vale of Leven HMA lies adjacent to but does not form part of the Greater Glasgow HMA. West Dunbartonshire Council regard the Vale of Leven, which includes part of Loch Lomondside, as an important sub-division in terms of identifying affordable housing need.

Alignment between the TTWAs and HMAs

2.15 In the absence of detailed geo-spatial data for each local HMA, it is not possible to overlay the two sets of functional boundaries. Nonetheless, it is possible to infer from the published evidence that:

- The Strathearn HMA forms a small sub-division within the Perth & Blairgowrie TTWA.
- The Cowal HMA falls wholly within the larger Dunoon & Bute TTWA.
- The Helensburgh & Lomond HMA largely falls within the Dumbarton TTWA, as does the whole of the Dumbarton and the Vale of Leven HMA.

2.16 Although the Stirling HMA and Stirling & Alloa TTWA are reasonably similar, the latter is more tightly drawn. The Stirling & Alloa TTWA excludes the north-west of the Stirling local authority area, which is split between the TTWAs of Pitlochry (the Lochearnhead and Killin area) and Oban (the Crianlarich and Tyndrum area). This is broadly consistent with Stirling Council's own Sasines analysis which found that links between the north-west corner of Stirling and the rest of the Stirling HMA are weak.

- 2.17 Interestingly, the Stirling HMDA also observed that that the south west corner of Stirling experiences significant demand from nearby settlements located within the Greater Glasgow HMA. We interpret this to mean this is an area where the two HMAs overlap.
- 2.18 In contrast to the TTWAs, the HMA boundaries do not extend across local authority boundaries. There are valid institutional and practical reasons why local authorities have imposed such a rule, including data availability. However, the downside risk is that such a rule may hinder understanding of housing demand and the operation of housing markets across the National Park.

Analysis of residential flows of house purchasers

- 2.19 In order to better understand the similarities and discontinuities between the defined set of TTWAs and HMAs, and housing market linkages that extend across the National Park area, Sasines data on the sale of newly constructed and/or second-hand dwellings from 2002 to 2011 (inclusive) was interrogated to explore:
- **Origin based flows;** that is the origin of buyers that moved to or within the National Park, and
 - **Destination based flows;** that is the destination of buyers that lived in the National Park prior to purchase and either moved away from or bought within the National Park.
- 2.20 To begin, we explored the house purchaser origin and destination flows in terms of 6 sub-areas that were derived from the TTWA geography for the National Park. A summary of the settlements in each sub-area are listed in table 2, whilst the findings are summarised in tables 3 to 5.

Table 2: Settlements/ communities in TTWA sub-areas that lie within the LLTNP

Dumbarton	Dunoon & Bute	Oban	Perth and Blairgowrie	Pitlochry	Stirling
Ardlui Arrochar Balloch Gartocharn Luss & Arden Succoth Tarbet	Ardentinny Benmore Cairndow Kilmun Loch Eck Lochgoil Strone	Crianlarich Strathfillan Tyndrum	St Fillans	Killin Locheearnhead Auchtubh Balquhider*	Aberfoyle Balmaha Callander Drymen Gartmore Port of Menteith Rowardennan Strathard Strathyre Trossachs Inversnaid

* Some postcodes for this area fall within the Oban TTWA

Origin and destination flows in the less populous sub-areas

2.21 Table 3 indicates that all 6 sub-areas have open housing markets, but the rates of origin-based self-containment are especially low in the four sub-areas of Dunoon and Bute (25%), Oban (18%), Perth & Blairgowrie (23%) and Pitlochry (28%). Looking more specifically at these 4 sub-areas:

- The very low rates of origin-based self-containment partly reflect that in all 4 sub-areas upwards of 20% of buyers come from England or further afield. Feedback from interviews supports our perceptions that some of these buyers are likely to be purchasing holiday and /or second homes. It is also possible, as some estate agents noted, that these buyers include some relocating for a “change of lifestyle”, and others taking up employment at the Faslane Naval Base. However there is no clear evidence in the Sasines data to support or refute this.
- Dunoon & Bute also experiences significant inward demand from buyers coming from the Greater Glasgow HMA (some 25%), most of whom are likely to be commuters. Interviews highlight a perception that housing demand from commuters moving out of the main employment centres has fallen back significantly over recent years. However, whilst the numbers of buyers coming from Greater Glasgow has clearly reduced since the onset of the housing market downturn, there has been little change in their share of house sales in the area.
- Pitlochry experiences significant inward demand from buyers coming from the Edinburgh and to a lesser extent the Greater Glasgow and Stirling HMAs.
- Oban and Perth & Blairgowrie both experience inward demand from buyers coming from the Edinburgh and Glasgow HMAs, although numbers of buyers are low averaging no more than 2-3 each year over the decade to 2011 inclusive. It is possible some of these buyers are moving back to the area where they have family and other social ties.

Table 3: Origin of buyer coming to the LLTNP, split by TTWA, 2002-2011

Origin TTWA (where buyers came from)	Where purchasers live (TTWA sub area within LLTNP)/destination													
	Dumbarton		Dunoon & Bute		Oban		Perth & Blairgowrie		Pitlochry		Stirling		LLTNP ALL	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Dumbarton**	440	57%	11	3%	3	3%	3	5%	1	0%	33	3%	491	17%
Dunoon & Bute	4	1%	104	25%	0	0%	0	0%	0	0%	4	0%	112	4%
Dunfermline	2	0%	2	1%	1	1%	0	0%	4	2%	9	1%	18	1%
Edinburgh	7	1%	17	4%	7	8%	10	16%	28	12%	48	4%	117	4%
Falkirk	4	1%	6	1%	0	0%	1	2%	5	2%	24	2%	40	1%
Glasgow	139	18%	80	19%	13	14%	8	13%	13	6%	253	19%	506	18%
Greenock	5	1%	15	4%	0	0%	1	2%	1	0%	6	1%	28	1%
Lanarkshire	20	3%	23	6%	4	4%	1	2%	4	2%	17	1%	69	2%
Livingston & Bathgate	2	0%	3	1%	1	1%	1	2%	6	3%	8	1%	21	1%
Lochgilphead	3	0%	2	1%	0	0%	0	0%	0	0%	0	0%	5	0%
Oban	3	0%	3	1%	16	18%	0	0%	4	2%	1	0%	27	1%
Perth & Blairgowrie	4	1%	5	1%	1	1%	14	23%	12	5%	14	1%	50	2%
Pitlochry	1	0%	1	0%	11	12%	1	2%	65	28%	11	1%	90	3%
Stirling & Alloa	12	2%	1	0%	6	7%	1	2%	18	8%	684	51%	722	25%
Outside Scotland	104	14%	113	27%	24	27%	13	21%	53	23%	172	13%	479	17%
Other TTWA within Scotland	18	2%	31	7%	3	3%	7	12%	19	8%	46	4%	124	4%
Total	768	100%	417	100%	90	100%	61	100%	233	100%	1330	100%	2899	100%
Approximation of Housing Market Area (HMA) of origin														
Approx Edinburgh HMA	11	1%	22	5%	9	10%	11	18%	38	16%	65	5%	156	5%
Approx Greater Glasgow HMA	159	21%	103	25%	17	19%	9	15%	17	7%	270	20%	575	20%
Approx Stirling HMA	12	2%	1	0%	6	7%	1	2%	18	8%	684	51%	722	25%

Source: Sasines data supplied via CHMA Datapack 2002-2011 inclusive.

Notes: All Sasines analysis reported in this report is restricted to new build and resales with a value of £20,000 to £1 million. Origin is based on settlement/town name from 2002 to 2009 inclusive and has been assigned to a TTWA on a best fit basis, whilst 2010-2011 are based on origin datazones contained within the data (or settlement name if datazone is missing etc).

* Count includes one case without any origin data.

** The NRS National Park includes a larger part of Balloch than the boundary derived for Loch Lomondside (to be reviewed).

Table 4: Destination of buyers that lived in the LLTNP prior to purchase, 2002-2011

Destination TTWA (where buyers moved to/ location of dwelling purchased)	Where purchasers came from (origin)													
	Dumbarton		Dunoon & Bute		Oban area		Perth & Blairgowrie		Pitlochry		Stirling		LLTNP ALL	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Dumbarton	270	61%	27	7%	2	5%	0	0%	2	1%	45	3%	346	13%
Dunoon & Bute	7	2%	229	58%	2	5%	0	0%	2	1%	6	0%	246	9%
Dunfermline	0	0%	2	1%	0	0%	3	3%	2	1%	6	0%	13	1%
Edinburgh	12	3%	5	1%	2	5%	1	1%	11	5%	33	2%	64	3%
Falkirk	2	0%	1	0%	0	0%	0	0%	11	5%	37	3%	51	2%
Glasgow	81	18%	50	13%	5	12%	2	2%	14	6%	246	17%	398	15%
Greenock	5	1%	17	4%	0	0%	0	0%	3	1%	5	0%	30	1%
Lanarkshire	5	1%	8	2%	0	0%	0	0%	1	1%	15	1%	29	1%
Livingston & Bathgate	0	0%	1	0%	0	0%	0	0%	2	1%	7	1%	10	0%
Lochgilphead	3	1%	4	1%	0	0%	0	0%	0	0%	5	0%	12	1%
Oban	0	0%	3	1%	16	38%	1	1%	14	6%	8	1%	42	2%
Perth & Blairgowrie	2	0%	0	0%	3	7%	70	75%	28	13%	29	2%	132	5%
Pitlochry	0	0%	0	0%	3	7%	2	2%	68	31%	11	1%	84	3%
Stirling & Alloa	26	6%	2	1%	4	10%	5	5%	38	17%	851	60%	926	36%
Other TTWA within Scotland	25	6%	36	9%	5	12%	8	9%	20	9%	85	6%	179	7%
Unknown	7	2%	10	3%	0	0%	2	2%	5	2%	23	2%	47	2%
Total	445	100%	395	100%	42	100%	94	100%	221	100%	1412	100%	2609	100%
Approximation of Housing Market Area (HMA) of destination														
Approx Edinburgh HMA	12	3%	8	2%	2	5%	4	4%	15	7%	46	3%	87	3%
Approx Greater Glasgow HMA	86	19%	58	15%	5	12%	2	2%	15	7%	261	19%	427	16%
Approx Stirling HMA	26	6%	2	1%	4	10%	5	5%	38	17%	851	60%	926	36%

Source: Sasines data supplied via CHMA Datapack 2002-2011 inclusive.

Notes: Origin is based on settlement/town name from 2002 to 2009 inclusive and has been assigned to a TTWA on a best fit basis whilst 2010-2011 are based on origin datazones contained within the data (or settlement name if datazone is missing etc).

The Destination TTWA is based on the whole TTWA and not the sub-areas that lies within the National Park.

2.22 Destination-based rates of self-containment reported in table 4 are higher for each of the four sub-areas, when compared with origin-based analysis at table 3. However, these figures must be treated with caution:

- Destination data is less comprehensive than origin-based data and does not record the details of those who relocated somewhere outside Scotland.
- The destination-based flows (in contrast to the origin-based flows) relate to the whole TTWA and not just that area that falls within the National Park's boundary.

2.23 To allow for the second bullet point above, table 5 reports on destination flows in terms of moves within the National Park and moves outwith the National Park.

Table 5: Destination of buyers originating from the National Park, split by sub-area, 2002-11

Originated from sub-area within park	Destination (%)						
	All	Moved Within Park			Moved out of Park but remained in same TTWA	Moved out of Park to one of other 6 TTWAs	Moved to elsewhere in Scotland
		All moves within Park	Moved within same sub-area	Moved to another sub-area			
Dumbarton	445	21%	19%	2%	42%	9%	29%
Dunoon & Bute	395	18%	17%	1%	41%	10%	32%
Oban	42	45%	33%	12%	5%	21%	29%
Perth & Blairgowrie	94	7%	6%	1%	68%	7%	17%
Pitlochry	221	36%	27%	10%	4%	26%	34%
Stirling & Alloa	1,412	38%	37%	1%	21%	8%	34%
Total	2,609	31%	29%	2%	27%	10%	32%

Source: Sasines data supplied via CHMA Datapack 2002-2011 inclusive.

Note: Origin is based on settlement/town name from 2002 to 2009 inclusive and has been assigned to a TTWA on a best fit basis, whilst 2010-2011 are based on origin datazones contained within the data (or settlement name if datazone is missing etc).

2.24 Together, the origin and destination flows analysis suggests that:

- Whilst the Dunoon & Bute sub-area experiences significant external demand, it also has substantial links to the rest of the TTWA - but little or no links with the rest of the National Park. This evidence reinforces the Council's conclusion that this area forms part of the Cowal HMA that extends across the whole of the peninsula.
- The St Fillan's area has very little connection with the rest of the National Park, and clearly forms part of the wider Perth and Blairgowrie TTWA within which the local Strathearn HMA operates.
- The Oban sub-area is typical of more remote rural housing systems. It has a very thin market, there are very few sales from one year to the next and the majority of buyers are either local residents or longer distance buyers. Whilst this area technically falls within the Wider Stirling HMA, as the Council has observed, connections to the wider Stirling HMA are minimal. Likewise connections with the rest of the Oban TTWA are weak.

- The Pitlochry sub-area displays characteristics associated with rural housing systems that are within commuting distance of several significant employment centres. It therefore attracts buyers from the Perth, Stirling, Edinburgh and Glasgow areas, as well as long distance movers.
- 2.25 Interestingly, the Pitlochry sub-area has stronger links with the Stirling & Alloa TTWA than with the rest of the Pitlochry TTWA area. Between 2002 and 2011 only 4% of buyers moved from this sub-area to the rest of the TTWA, compared to 17% that moved to the Stirling & Alloa TTWA. In large part this may simply reflect the fact that the Stirling & Alloa TTWA is a more populous area. However, the algorithms and rules used to nest datazones into TTWAs can also overstate the strength of the commuting linkages in rural areas with small populations.
- 2.26 Closer scrutiny of the data also suggests that most of the buyer flows between the Pitlochry sub-area and Stirling & Alloa involve flows to and from the area in and around Stirling rather than to other parts of the National Park. The 'openness' of this sub-area suggests that this is not a distinct local housing market area in its own right, but a sub-division within the Wider Stirling HMA.

Dumbarton and Stirling & Alloa TTWA

- 2.27 Tables 3-5 confirm that the sub-areas of the Dumbarton TTWA and Stirling & Alloa TTWA that fall within the National Park collectively account for over 70% of new and second hand sales within the National Park. On the surface, these two sub-areas share some similarities. Both sub-areas:
- Fall within the gravitational pull of the Greater Glasgow HMA, with at least a fifth of buyers coming from the major housing market; and
 - Have an origin-based self-containment rate in excess of 50% and a destination-based self-containment rate of around 60%.
- 2.28 The two sub-areas also span the Loch Lomondside area. As noted earlier, there is a strong perception that Loch Lomondside has long experienced high levels of demand from commuters, long-distance migrants (including those retiring to the area) and second home buyers that have been able to out-bid local residents seeking a home of their own.
- 2.29 As three coterminous local HMAs are said to operate in this area, all of which have been 'snapped' to fit with the administrative boundaries of the three local authorities, further analysis of residential flows was undertaken to look more closely at the possible functional linkages between communities within these two areas.

Loch Lomondside Area

- 2.30 To examine the origin and destination of buyers in the Loch Lomondside area, it was necessary to find a suitable lower level geography. It was not possible to use NRS spatially defined localities or settlements. Outside of the Stirling area, the only NRS defined settlement/locality is Alexandria/Balloch, most of which lies outside the Park's boundaries.
- 2.31 We therefore used a combination of postcode data supplied by the National Park Authority, cross-checked against 'community areas' that the study team derived from postcodes, datazones and other spatial markers in order to:
- Produce a reasonable approximation of the Loch Lomondside Area as defined in the National Park's Local Plan.
 - Identify buyers that moved within the Loch Lomondside area and those that moved into the area.

Table 6: Valid sales in Loch Lomondside split by local area and buyer origin, 2002-11

Area descriptor	Origin LLTNP		Origin Outside Park		Total	
West Lomondside : Arden to Luss and Tarbet	29	24%	90	76%	119	100%
East Lomondside: Balmaha & Rowardennan and Inversnaid	27	29%	65	71%	92	100%
South Lomondside: Gartocharn, Drymen and Croftamie	99	37%	170	63%	269	100%
Total	155	34%	325	66%	480	100%

Source: Sasines data supplied via CHMA Datapack 2002-2011 inclusive.

Civil Parishes derived from dwelling postcode using NRS look up files.

Loch Lomondside derived from postcodes supplied by LLTNP supplemented with NRS postcode definition of National Park.

- 2.32 Table 6 shows that it was possible to identify 480 valid sales in the Loch Lomondside Area for the 10 years to 2011 inclusive. It also shows that:
- Around 63% of sales were located in the Stirling LA area. Consistent with this, over half were located in the South Lomondside area.
 - Around 66% of buyers came from outside the National Park and some 34% of buyers moved within the National Park, although there was some variation in these proportions across the three local areas.
- 2.33 These two factors make it difficult to draw any firm conclusions about the extent to which Loch Lomondside operates as a distinct housing system in any functional sense. This is compounded by the fact that the purchase decisions of buyers that move within the National Park are highly localised. The evidence suggests that no more than 30% to 35% of buyers that move within the Loch Lomondside Area move from one community area to another¹. Moreover, inter-community area moves are heavily concentrated in the South Lomondside Area.

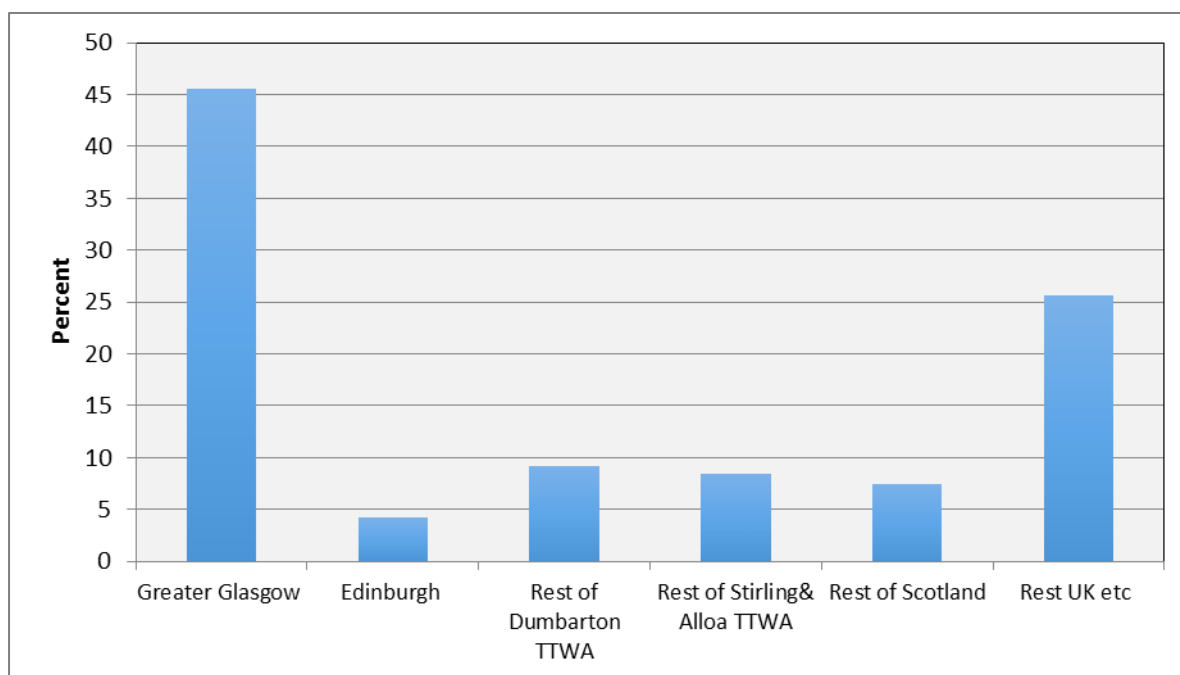
¹ For example some 75% of buyers from Luss/Arden community area bought elsewhere in this area.

2.34 Interviews with local housing market experts reported that the Loch Lomondside is seen as a distinctive and desirable area by buyers relocating from the Glasgow area. This is supported by statistical evidence. Figure 4 illustrates that in the 10 years to 2011 some 45% of all buyers coming to the Loch Lomondside area originated from the Greater Glasgow HMA. In comparison, functional links with the rest of the Dumbarton and Stirling & Alloa TTWAs were modest. Links with the Dunoon & Bute TTWA were negligible.

2.35 Based on the statistical and qualitative evidence it appears that:

- The local housing system in the Loch Lomondside Area is strongly influenced by developments in the Greater Glasgow labour and housing markets.
- Whilst demand from local residents is for the most part highly localised, the scale of external demand from buyers coming from the Greater Glasgow HMA and buyers coming from England and further afield suggests this area should be viewed as a single entity rather than three separate housing market areas.

Figure 4: Previous location of buyers that moved into the Loch Lomondside, 2002-2011



Source: Sasines data supplied via CHMA Datapack 2002-2011 inclusive

Callander and Aberfoyle

2.36 Most of the rest of the National Park falls within the Stirling local authority area and is comprised of the area in and around Aberfoyle, Callander and the Port of Menteith. Over the 10 years to 2011 there were some 1,060 valid sales in this area. This data indicates that:

- Over half of all buyers came from within this sub-area or from elsewhere in the Stirling and Alloa TTWA, mainly the Stirling local authority area.

- In comparison to the Loch Lomondside Area, the inward flows of buyers from the Greater Glasgow HMA (18%) or from England and further afield (13%) are modest.
- The proportions of incoming buyers from the Greater Glasgow TTWA and the Stirling and Alloa TTWA have been similar.

2.37 Taking into account Sasines evidence and feedback from interviews it appears that the local housing system in the Callander and Aberfoyle area forms part of the Wider Stirling HMA. However, it is an area where there is a significant overlap between the Greater Glasgow and Stirling HMAs.

Balloch, Arrochar and other areas adjoining the Loch Lomondside Area

2.38 Finally, there are 597 sales that have not been accounted for. This count includes most of the 42 sales which fall within the Park Authority's definition of the National Park, but not the spatial boundary defined by NRS. As these sales are spread over the past decade they are unlikely to make any material difference to the analysis of price trends reported in the next section.

2.39 The majority of the 597 sales (79%) involve the sale of dwellings in the Balloch area of the National Park that falls outside the Loch Lomondside Area defined by the Park Authority. The remainder are situated in Arrochar, Succoth and other communities that lie immediately adjacent to the Loch Lomondside Area.

Table 7: Valid sales in Area adjacent to Loch Lomondside split by buyer origin, 2002-11

	Balloch	Arrochar etc	Total
Moved within Park	4%	24%	8%
Came from outside Park	96%	76%	92%
Total (%)	100%	100%	100%
Total	472	125	597

2.40 Almost 96% of Sales in the Balloch Area involved buyers coming from outside the National Park. As expected, the majority of these buyers came from the rest of Balloch, Alexandria and Dumbarton. Although Balloch attracted very few buyers from Clydebank, it did draw buyers from further afield; between 2002 and 2011 almost 3 out of 10 buyers came from the Greater Glasgow HMA or further afield.

2.41 The majority of the 125 sales in Arrochar, Succoth and the other adjacent communities also involved buyers coming from the Greater Glasgow HMA or further afield.

Discussion and Summary

- 2.42 The Park has a complex geography and does not form a single coherent functioning and self-contained labour market area or housing market area. There are very few discernible links between the north and south of the National Park, and the east and west of the National Park. This no doubt reflects the fact that the National Park covers a large rural land mass.
- 2.43 That said, it is evident that there are important spatial sub-divisions within the National Park. Some of these sub-areas have strong links to places outside the Park, not least because many residents commute to a place of work outside the Park. In 2001 almost half of the National Park's residents in employment commuted out of the Park, most commonly to somewhere in the local authorities of Glasgow, West Dunbartonshire and Stirling and Argyll & Bute. Once available, it is likely that the Census data for 2011 will show this proportion has increased.
- 2.44 In terms of the Loch Lomondside Area, patterns of residential mobility add support to local perceptions that the Loch Lomondside Area is subject to very considerable housing demand from the Greater Glasgow HMA, and from long distance purchasers from England or further afield. Moreover, very low numbers of buyers move between this area and the rest of the National Park in either direction. This strongly suggests that the residential links between the Loch Lomondside Area and the rest of the National Park are weak.
- 2.45 The Callander & Aberfoyle sub-area displays some of the features associated with rural housing systems such as modest levels of sales, but in general appears to be reasonably well linked into the employment and service centre of Stirling, around which the wider local housing market operates.
- 2.46 Likewise the Cowal area of the Dunoon & Bute TTWA displays strong links with the service centre of Dunoon, especially in destination terms.
- 2.47 The annual numbers of house sales in the small and mainly sparsely populated sub-areas that fall within the TTWAs of Perth and Blairgowrie, Oban and (to a lesser extent) Pitlochry are low. As is often the case with rural areas, the analysis suggests that links to any single employment and service centre are weak. A look at trends over the last 10 years suggests that the patterns of origin and destination flows in all 3 sub-areas are deeply ingrained and have remained fairly static.
- 2.48 In light of our findings, this report analyses housing market dynamics in relation to the following geographies wherever data permits:
- The National Park as a whole.
 - The Loch Lomondside Area as defined in the Park's Local Plan, which is referred to as the Loch Lomondside LDP.
 - The Wider Loch Lomondside area, which includes Balloch, Arrochar and the other communities that lie adjacent to the Loch Lomondside Area.

- The Cowal area. This sub-area falls within the Dunoon and Bute TTWA and is reasonably similar to the Cowal HMA area that falls within the National Park.
- The Callander& Aberfoyle area.
- The Crianlarich, Killin, St Fillan's and Balquhidder area. The northern area of the Park that form part of the TTWAs of Oban, Perth & Blairgowrie and Pitlochry have been combined to form a single sub-area due to the fact that there are insufficient records to analyse price movements for these three areas separately.

3 HOUSING MARKET DYNAMICS IN THE NATIONAL PARK

Introduction

- 3.1 The section explores housing market dynamics, and considers key influences on housing demand and current affordability pressures in the National Park. It therefore draws on a range of available statistical evidence on house prices, sales rates and household incomes, as well as qualitative evidence from local agents and other key stakeholders.

The housing market and sales volumes

- 3.2 The economic downturn and the continuing difficult financial climate have had a detrimental impact on the housing market at both a national and local level for almost six years. Tighter lending criteria and tougher labour market conditions has led to a considerable decline in consumer confidence in the housing market and the ability of consumers to secure mortgage finance, especially prospective first time buyers who were reliant on flexible lending criteria. The financial capacity of both RSL and private developers to build new homes has also been adversely affected by tougher lending criteria and a substantial decline in public funding support for new affordable housing. In the National Park area these restrictions have further reduced what have historically been relatively low rates of new housing development.
- 3.3 The net result of these trends has been a continuing slump in 'effective' demand for housing and a sharp drop in the volume of properties being sold each year.
- 3.4 Table 8 summarises Sasines sales data for new build and resale transactions volumes from 2002 to 2011 for the National Park, alongside benchmark sales volumes for rural areas of Scotland and the four local authorities that extend across the National Park. An indexed analysis is also presented for each geography, where 100 is the annual volume of sales in 2002.

Table 8: Number and Index of private house sales in LLTNP and selected areas, 2002-2011

Year	Scotland		Rural Accessible		Rural Remote		4 LA combined		National Park	
	No	Index (%)	No	Index (%)	No	Index (%)	No	Index (%)	No	Index (%)
2002	108,100	100.0	10,464	100.0	5,814	100.0	8,687	100.0	437	100.0
2003	107,083	99.1	9,762	93.3	5,362	92.2	8,058	92.8	362	82.8
2004	103,122	95.4	8,921	85.3	4,484	77.1	7,872	90.6	320	73.2
2005	118,190	109.3	10,595	101.3	5,265	90.6	8,723	100.4	314	71.9
2006	129,223	119.5	12,317	117.7	5,904	101.5	9,248	106.5	361	82.6
2007	133,096	123.1	12,851	122.8	5,937	102.1	9,325	107.3	344	78.7
2008	85,599	79.2	9,451	90.3	4,381	75.4	6,456	74.3	229	52.4
2009	54,512	50.4	6,601	63.1	3,291	56.6	4,089	47.1	197	45.1
2010	60,068	55.6	7,582	72.5	3,840	66.0	4,781	55.0	172	39.4
2011	55,034	50.9	7,470	71.4	3,556	61.2	4,351	50.1	205	46.9

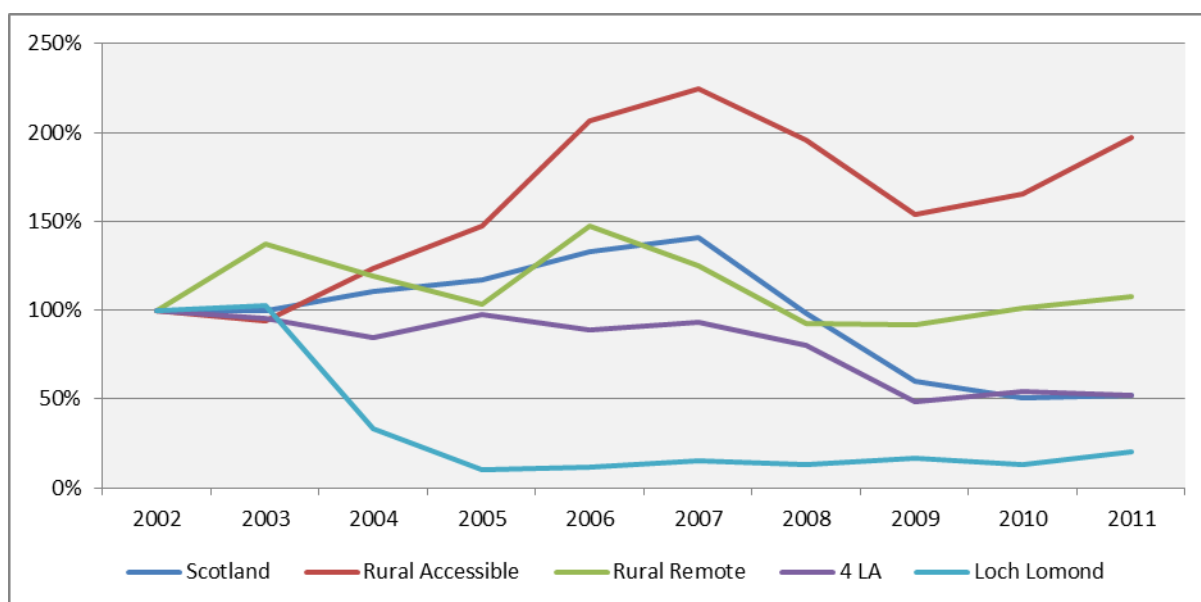
Source: Sasines data supplied via CHMA Datapack 2002-2011 inclusive.

Notes: All Sasines analysis is based on new build and resales with a value of £20,000 to £1 million.

Rural Accessible and Rural Remote are derived from NRS definitions.

- 3.5 Across much of Scotland, including Rural Accessible Scotland, the annual numbers of transactions increased sharply from 2005-2007 before falling back to levels well below the level recorded in the first half of the decade. In contrast, the annual numbers of transactions in the National Park have been in decline since 2002. By 2007 transaction rates in the National Park were more than 20% lower than in 2002 and by 2011 they were some 53% lower.
- 3.6 Whereas the acceleration in the rate of decline in sales numbers in the National Park since 2008 largely reflects the Scotland wide housing market downturn, the downward trend prior to 2008 was linked to a modest decline in resale transactions and a severe decline in the numbers of newly constructed houses being sold on the open market (see figure 5). However, we would caution that Sasines data is not a particularly good measure of new build activity. Historically, the identification of new build transactions, especially self-build developments, has been variable.
- 3.7 Interestingly, transaction rates for Accessible Rural Scotland as a whole have been less adversely affected by the housing market downturn than other parts of Scotland. Although hardly conclusive, Sasines data suggests that this has been partly due to the increasing share of new private housing being built in such areas. Much of this new private housing is believed to be family-housing located within reasonable commuting distance of one or more of Scotland's larger employment centres. The general consensus is that consumer demand for this type of product has been less adversely affected by mortgage finance constraints than other parts of the housing markets - such as city flats and former RTB properties in less attractive locations.

Figure 5: New build transactions index, 2002-2011



Source: Sasines data supplied via CHMA Datapack 2002-2011 inclusive.

Sub-area sale volume trends

- 3.8 Analysis of Sasines data within the National Park is constrained by the small number of sales that occur from one year to the next, and the absence of property attributes. This problem has increased with the downturn in transaction volumes since 2008.
- 3.9 Table 9 presents the numbers of transactions for the five sub-areas set out in the previous section. It confirms that in line with national trends, all sub-areas have experienced a significant drop in sales volumes since in 2008. It indicates that:
- In the Loch Lomondside LDP area, transactions rates appear to have slipped back since 2008, but it is hard to identify any clear trends. This is largely because the annual numbers of sales fluctuate quite considerably from one year to another. Setting aside 2002, which appears to have been something of an anomaly, there has been on average 50 sales each year. However, figures for individual years have ranged anywhere between 30% above or below this figure.
 - The Cowal and Crianlarich/Killin sub-areas have experienced a relatively modest fall in transaction volumes. The most probable reason for this is the underlying longer-term trend for low rates of turnover in the existing stock of owner occupied houses typically found in more remote rural housing systems, where households often buy a family house with the aim of bringing up a family and then aging in place.
 - The decline in the numbers of housing being traded since the housing slump started at the beginning of 2008 has been most pronounced in the Callander and Aberfoyle area, and the Wider Lomondside area. The latter has been driven by a decline in sales in the Balloch area that adjoins the Loch Lomondside LDP area.

Table 9: Number and Index of private house sales across the LLTNP and selected areas, 2002-2011

Year	Wider Lomondside*		Loch Lomondside LDP		Callander & Aberfoyle		Cowal		Crianlarich, Killin & St Fillans		National Park	
	No	Index	No	Index	No	Index	No	Index	No	Index	No	Index
2002	173	100.0	64	100.0	163	100.0	60	100.0	41	100.0	437	100.0
2003	132	76.3	47	73.4	137	84.0	50	83.3	43	104.9	362	82.8
2004	135	78.0	62	96.9	101	62.0	34	56.7	50	122.0	320	73.2
2005	115	66.5	51	79.7	122	74.8	41	68.3	36	87.8	314	71.9
2006	131	75.7	54	84.4	134	82.2	58	96.7	38	92.7	361	82.6
2007	121	69.9	48	75.0	134	82.2	50	83.3	39	95.1	344	78.7
2008	81	46.8	43	67.2	69	42.3	40	66.7	39	95.1	229	52.4
2009	61	35.3	35	54.7	80	49.1	32	53.3	24	58.5	197	45.1
2010	58	33.5	34	53.1	65	39.9	26	43.3	23	56.1	172	39.4
2011	73	42.2	45	70.3	56	34.4	47	78.3	29	70.7	205	46.9

Source: Register of Sasines (supplied as part of Scottish Government Data Pack).

* Includes Balloch, Arrochar area etc in addition to the Loch Lomondside LDP area.

- 3.10 Anecdotal evidence suggests that the downward drift in annual sales reflects a decline in demand from second home buyers and more especially from commuters looking to relocate from larger urban centres - most commonly in relation to the Greater Glasgow HMA, although some parts of the National Park have seen a drop in buyers from the urban centres of the Edinburgh and Stirling HMAs. A closer scrutiny of the Sasines data lends some support for this suggestion. On the other hand, it is also evident that the Callander & Aberfoyle area has seen a sharp decline in buyers moving within this area or to an adjacent sub-area within the National Park boundary.

House price trends

- 3.11 As noted earlier, Sasines price data for new build sales is not reliable. The following analysis therefore focuses on price trends at the lower quartile, median and upper quartile prices for the second-hand (resale) market. These price points provide a reasonable representation of the lower, middle and upper ends of the housing market. Consistent with advice from the CHMA, the lower quartile price is used to provide an approximation of entry level house prices for first time buyers.
- 3.12 To offset annual fluctuations in sales volumes and the potential for price variations to be 'distorted' by changes in the mix of properties being sold from year to year, analysis of price trends for sub-areas within the National Park has generally been based on average annual figures for 2 or 3 year periods.

House price trends for the National Park

- 3.13 Table 10 (over the page) summarises resale price movements at the lower quartile, median and upper quartile prices for the National Park and comparator areas. It illustrates that the National Park began and ended the decade with prices in excess of the Scotland wide price across the price distribution. In 2002 the median resale price in the National Park was close to £83,000, some £20,000 above the comparable price for Scotland. By 2011 this median price for the National park stood at £170,000, which was some £40,000 higher than the comparable Scotland wide price.
- 3.14 Table 10 also illustrates that in the 7 year period from 2002 to 2007, price movements for the National Park were broadly in line with trends for Accessible Rural Scotland. In both instances, house price inflation rates at the lower, middle and upper end of the market were in excess of the comparable rates recorded for Scotland as a whole.
- 3.15 Housing markets often contain important subdivisions where house prices and house price inflation exceed those for the housing market as a whole. This is evident from trends in the Wider Loch Lomond Area, which includes Balloch. It experienced far greater rates of house price inflation in the 2002-07 period than was evident across the National Park area as a whole, especially at the lower to middle end of the market. Between 2002 and 2007, the lower quarter price in the Wider Loch Lomond Area increased by 165% to £156,500 whilst the median price increased by 143% to £211,087. By comparison prices at the upper end of the market increased by some 87%. This short-run trend undoubtedly escalated affordability pressures for households with modest incomes seeking to enter the housing market in this area.

- 3.16 Since house prices peaked in 2008, Scottish house prices have fallen back very slightly at the lower end of the market, and stagnated in real terms (i.e. after allowing for inflation) at the middle and upper end of the market. However, the Scotland wide figures disguise the fact that house prices at all points in the distribution have slipped back in most local authority areas outside of the Wider Edinburgh and Aberdeen HMA areas.
- 3.17 Likewise, second-hand house prices for the National Park have fallen back at the lower to middle end of the market. This suggests that some much needed price adjustment has occurred. In 2011 the lower quartile and median price stood at £110,000 and £170,000 respectively, below the equivalent price for 2007.

House prices trends within the National Park

- 3.18 Given the varied geography of the National Park, it is no surprise to find there have been some important differences in house price movements both before and after 2008. Table 11 shows that in terms of median resale prices from 2002 to 2007:
- The median house price was highest in the sub-area of the Loch Lomondside LDP throughout the seven years.
 - The rate of house price inflation in the Callander and Aberfoyle area (+121%) was broadly in line with the rate for National Park as a whole (+125%).
 - The rate of increase in the median price in the Crianlarich, Killin and St Fillans sub-area (+59%) was much lower than witnessed elsewhere but the median price remained well above the comparable National Park wide price.
 - Cowal experienced the highest rate of median house price inflation (+164%), albeit from a modest price base of just £58,000. Some of this price inflation was likely to have been shaped by an increase in demand from local households widening their search horizon in order to find something suitable at a price within their means, as well as an increase in external demand from Glasgow and further afield. Nonetheless the median price remained the lowest of all the sub-areas in 2007.
- 3.19 Table 11 also suggests that since 2007 (or since 2008 in some sub-areas) there has been some downward adjustment in median house prices across the National Park. However, it is difficult to discern how substantive this has been. Interviews with property agents suggest there has been some real terms reduction in sales prices from a peak in 2006/07, but this has been accompanied by some shift in the profile of properties being sold. In particular there has been limited activity at the lower and middle price points.

Table 10: Resale house price trends from 2002 to 2011 for LLTNP and comparator areas

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011		Change 2002-7		Change 2007-11	
												£	%	£	%
National Park															
LQ	£55,000	£61,650	£90,418	£104,750	£103,500	£125,000	£125,000	£110,625	£114,750	£110,000		£70,000	+127%	-£15,000	-12%
Median	£82,650	£105,250	£150,000	£157,050	£165,000	£185,750	£175,500	£173,000	£170,000	£170,000		£103,100	+125%	-£15,750	-8%
UQ	£135,000	£180,800	£225,000	£231,557	£249,750	£261,633	£250,000	£261,250	£250,000	£271,750		£126,633	+94%	£10,117	+4%
Wider Loch Lomond Area*															
LQ	£59,000	£85,750	£104,125	£123,750	£125,000	£156,500	£141,250	£135,000	£125,000	£140,000		£97,500	+165%	-£16,500	-11%
Median	£87,000	£120,873	£157,000	£160,575	£192,595	£211,087	£180,000	£175,000	£200,000	£200,000		£124,087	+143%	-£11,087	-5%
UQ	£160,000	£212,500	£249,000	£249,996	£301,412	£299,500	£270,750	£310,000	£335,000	£317,000		£139,500	+87%	£17,500	+6%
Remote Rural Scotland															
LQ	£46,000	£51,000	£62,000	£79,000	£88,000	£103,000	£105,375	£98,000	£98,123	£97,500		£57,000	+124%	-£5,500	-5%
Median	£69,000	£80,000	£100,000	£120,000	£136,000	£155,000	£155,000	£150,000	£150,000	£145,000		£86,000	+125%	-£10,000	-6%
UQ	£105,000	£130,000	£160,228	£181,000	£200,000	£225,038	£224,500	£220,000	£224,750	£215,000		£120,038	+114%	-£10,038	-4%
Accessible Rural Scotland															
LQ	£50,500	£60,000	£74,000	£83,000	£95,000	£113,000	£115,000	£110,000	£115,000	£110,000		£62,500	+124%	-£3,000	-3%
Median	£78,000	£92,000	£115,813	£130,000	£147,000	£165,150	£166,625	£163,900	£174,500	£167,500		£87,150	+112%	£2,350	+1%
UQ	£124,000	£148,000	£180,000	£193,423	£215,000	£242,000	£248,000	£235,000	£250,000	£248,500		£118,000	+95%	£6,500	+3%
Scotland															
LQ	£43,500	£50,000	£60,000	£70,000	£80,000	£90,500	£92,000	£89,000	£89,995	£87,000		£47,000	+108%	-£3,500	-4%
Median	£63,000	£75,000	£90,000	£99,120	£113,500	£125,000	£128,000	£128,000	£130,000	£130,000		£62,000	+98%	£5,000	+4%
UQ	£97,000	£118,247	£140,000	£152,000	£166,000	£185,000	£187,000	£185,000	£198,000	£195,000		£88,000	+91%	£10,000	+5%

Source: Register of Sasines (supplied as part of Scottish Government Data Pack)

Notes:

All Sasines analysis is based on new build and resales with a value of £20,000 to £1 million.

Rural Accessible and Rural Remote are derived from NRS definitions.

* Includes Balloch and surrounds that lie adjacent to the Loch Lomondside LDP area.

Table 11: Median resale house price trends across the LLTNP, 2002-2011

Year	Wider Lomondside		Loch Lomondside LDP		Callander & Aberfoyle		Cowal		Crianlarich, Killin & St Fillans		National Park	
	£	Index	£	Index	£	Index	£	Index	£	Index	£	Index
2002	£87,000	100.0	£95,000	100.0	£76,133	100.0	£58,000	100.0	£135,000	100.0	£82,650	100.0
2003	£120,873	138.9	£172,500	181.6	£90,000	118.2	£72,750	125.4	£165,000	122.2	£105,250	127.3
2004	£157,000	180.5	£220,500	232.1	£120,000	157.6	£115,085	198.4	£181,250	134.3	£150,000	181.5
2005	£160,575	184.6	£190,000	200.0	£140,000	183.9	£172,013	296.6	£195,000	144.4	£157,050	190.0
2006	£192,595	221.4	£277,500	292.1	£158,148	207.7	£142,000	244.8	£180,500	133.7	£165,000	199.6
2007	£211,087	242.6	£242,550	255.3	£168,000	220.7	£153,024	263.8	£215,000	159.3	£185,750	224.7
2008	£180,000	206.9	£200,000	210.5	£175,000	229.9	£180,500	311.2	£175,000	129.6	£175,500	212.3
2009	£175,000	201.1	£202,500	213.2	£175,000	229.9	£126,500	218.1	£212,000	157.0	£173,000	209.3
2010	£200,000	229.9	£241,052	253.7	£152,228	200.0	£157,500	271.6	£204,500	151.5	£170,000	205.7
2011	£200,000	229.9	£239,975	252.6	£171,500	225.3	£135,000	232.8	£120,000	88.9	£170,000	205.7
Change over time												
Change 2002-7	£124,087	+143%	£147,550	+155%	£91,868	+121%	£95,024	+164%	£80,000	+59%	£103,100	+125%
Change 2007-11	-£11,087	-5%	-£2,575	-1%	£3,500	+2%	-£18,024	-12%	-£95,000	-44%	-£15,750	-8%

Source: Register of Sasines (supplied as part of Scottish Government Data Pack)

3.20 To try to allow for some of the apparent change in the mix of dwellings being sold, table 12 presents lower quartile, median and upper quartile prices for 2 year periods. It suggests that:

- The National Park-wide median price has remained more or less static in relative terms, but has fallen back somewhat in absolute terms. Allowing for the fact that the market peaked in 2006/07 in some sub-areas - and 2007/08 in other sub-areas - this development has occurred across most sub-areas to a greater or less extent.
- There has been some decline in National Park-wide lower quartile prices, which equate to entry level prices, since the downturn in the UK housing market.
- There has been little, if any, change in the upper quartile price at the National Park wide level.

3.21 Looking at the table, the Cowal sub-area and the Crianlarich-Killin-St Fillans sub-area have experienced a comparatively sharper downturn in prices. In the case of Cowal, the numbers of resales in 2011 was almost double that recorded for 2010. Most of these extra sales were at the lower end of the market, which largely accounts for the sharp fall in the lower quartile and median price into 2010/11. In the case of Crianlarich-Killin-St Fillans, further investigation indicates that since the housing market downturn there has been an increase in the proportions of sales in Crianlarich, where prices are lower than the sub-area average, and a decline in the proportions of sales in St Fillans where prices are well above the sub-area average.

3.22 Even after annualising the findings therefore, it is still evident that some of the apparent drop in prices can reflect variations in the mix of properties being sold, rather than major price adjustments. This is especially the case in sub-areas with less than 100 sales per annum.

Table 12: Resale house price trends: annualised trends to 2011 for LLTNP sub-areas

	2002-03	2004-05	2006-07	2008-09	2010-11	Change 2002-03 to 2007-08		Change 2008-09 to 2010-11		
						£	%	£	%	
National Park										
LQ	£57,000	£97,000	£118,500	£124,900	£112,500		+£61,500	+108%	-£12,400	-10%
Median	£90,000	£154,100	£175,275	£175,000	£170,000		+£85,275	+95%	-£5,000	-3%
UQ	£160,000	£228,625	£250,000	£250,000	£250,000		+£90,000	+56%	£0	0%
Wider Loch Lomondside										
LQ	£65,975	£112,000	£140,000	£140,000	£136,250		+£74,025	+112%	-£3,750	-3%
Median	£96,860	£157,500	£200,000	£175,000	£200,000		+£103,141	+106%	+£25,000	+14%
UQ	£180,000	£249,995	£300,000	£285,000	£320,000		+£120,000	+67%	+£35,000	+12%
Loch Lomondside LDP										
LQ	£81,778	£135,000	£163,788	£157,500	£145,000		+£82,010	+100%	-£12,500	-8%
Median	£135,000	£205,000	£256,089	£200,000	£241,052		+£121,089	+90%	+£41,052	+21%
UQ	£249,750	£313,525	£375,688	£370,000	£376,643		+£125,938	+50%	+£6,643	+2%
Callander & Aberfoyle										
LQ	£56,550	£85,000	£102,175	£122,300	£115,050		+£45,625	+81%	-£7,250	-6%
Median	£82,250	£127,250	£162,300	£175,000	£163,000		+£80,050	+97%	-£12,000	-7%
UQ	£140,000	£200,000	£241,125	£257,498	£249,725		+£101,125	+72%	-£7,773	-3%
Cowal										
LQ	£30,750	£80,750	£97,000	£91,875	£85,000		+£66,250	+215%	-£6,875	-7%
Median	£60,000	£148,705	£150,000	£155,000	£140,100		+£90,000	+150%	-£14,900	-10%
UQ	£111,333	£200,250	£215,000	£230,750	£212,500		+£103,667	+93%	-£18,250	-8%
Crianlarich, Killin & St Fillans etc										
LQ	£81,250	£131,863	£129,066	£122,250	£98,000		+£47,816	+59%	-£24,250	-20%
Median	£155,000	£190,000	£190,000	£177,500	£175,000		+£35,000	+23%	-£2,500	-1%
UQ	£210,000	£240,375	£263,000	£266,250	£241,000		+£53,000	+25%	-£25,250	-9%

Source: Register of Sasines (supplied as part of Scottish Government Datapack)

Prices differentials between incoming and existing resident house buyers

- 3.23 One possible reason for the relatively high rates of price growth in much of the National Park in the period to 2007 was the large proportion of transactions involving buyers moving to the National Park, thereby increasing demand, especially in some sections of the housing market. Table 13 therefore looks at the median resale price paid by buyers that moved within the Park, buyers that came from the Greater Glasgow HMA and buyers that came from the rest of Scotland or further afield.
- 3.24 Table 13 indicates the median price paid by “incoming buyers” exceeded the median price paid by local buyers throughout the three periods from 2002-4 to 2008-11. This suggests that external buyers may be more heavily concentrated at the middle and upper parts of the National Park housing market.
- 3.25 More specifically the evidence presented in table 13 indicates that:
- Although "incoming buyers" have tended to buy in the middle to upper end of the local housing market, the fact that they account for upwards of 7 out of 10 buyers throughout all three time periods means that these buyers will inevitably have had an upward effect on prices across the market, including lower quartile or entry level prices.
 - Buyers coming from the Greater Glasgow HMA have paid a higher median price than other external buyers since 2004. Local agents suggest that whereas buyers coming from the Greater Glasgow HMA tend to be commuters, buyers from elsewhere include a mix of retirees, “lifestyle change”, second home and holiday home buyers. The higher median price paid by buyers from Greater Glasgow is consistent with commuters typically buying family orientated housing at the middle to upper end of the market.
 - The differential in the price paid by buyers from the Greater Glasgow HMA and local buyers increased in the boom period from 2005 to 2007, but has fallen back since then. In 2002-04 the difference between the median resale price paid by those coming from the Greater Glasgow HMA and by those moving within the National Park was £24,000. By 2005-07 this differential had increased to over £47,000, but by 2008-11 it had fallen back to £27,500.
- 3.26 The low volume of sales means that the price differentials between the different buyer groups at sub-area level must be treated with great caution, especially outside of the Wider Loch Lomondside and the Callander & Aberfoyle sub-areas. That said, the figures support anecdotal evidence that the price differential between buyers coming from the Greater Glasgow HMA and local buyers in the Wider Lomondside area have continued to increase over the last decade.

Table 13: Median resale price paid by local buyers and incoming buyers

	2002-04			2005-07			2008-11		
	Within LLTNP	From Greater Glasgow	Elsewhere	Within LLTNP	From Greater Glasgow	Elsewhere	Within LLTNP	From Greater Glasgow	Elsewhere
National Park	£86,000	£110,000	£115,000	£142,526	£190,000	£182,000	£165,000	£192,500	£173,500
Wider Lomondside	£107,125	£132,210	£120,000	£166,000	£208,377	£180,000	£175,000	£234,779	£179,950
Loch Lomondside LDP	£140,145	£200,000	£176,000	£220,000	£223,000	£275,000	£190,000	£309,000	£225,125
Callander & Aberfoyle	£78,125	£94,050	£109,033	£133,000	£179,000	£195,095	£157,000	£180,000	£184,000
Cowal	£75,000	£52,500	£75,000	£100,000	£158,279	£152,750	£176,000	£170,000	£130,000
Crianlarich, Killin and St Fillans etc	£130,000	£176,250	£167,500	£160,000	£227,500	£199,000	£162,000	£241,000	£217,500

Source: Register of Sasines (supplied as part of Scottish Government Data Pack)

Factors influencing housing market dynamics in the National Park

- 3.27 As Sasines data offers little insight into the motivations and local factors influencing the local housing market, this study incorporated a telephone survey of stakeholders with insight to the operation of the local housing market to add further depth to our desk-based analysis. This is of particular importance for a rural area where low sales volumes can make it difficult to discern clear price trends.
- 3.28 Interview evidence gathered through the study is anecdotal in nature, but the feedback corroborated the findings from the Sasines analysis. Interviewees highlighted the following points:
- “External buyers continue to be a substantial presence across the National Park’s housing market. However, interviewees emphasised the extent to which buyers from outwith the Park area includes a disparate set of circumstances and motivations. The most significant buyer groups were identified as retirees from across Scotland and further afield, commuters primarily moving from the Greater Glasgow HMA, second home buyers, and long-distance buyers seeking a “change of lifestyle”. This latter group included particular reference to take up of employment linked to tourism (including buyers active in the upper half of the market for holiday let and Bed & Breakfast purposes).
 - Interviews are consistent with our Sasines sales analysis in suggesting there has been no significant change in external buyers’ relative significance in the local market – i.e. the fall in volume of sales to external buyers is broadly in line with the wider fall in sales activity. However interviews indicate some variation in the relative strength of demand across specific external buyer groups:
 - Retirees and long-distance buyers looking to live and work in the area were seen as perhaps the groups where demand has remained strongest since the housing market downturn.
 - Most interviewees suggested that there has been a softening in demand from commuters as a result of increasing travel cost, primarily with reference to moves from the Greater Glasgow HMA. This trend was highlighted particularly in relation to a perceived reduction in demand across parts of the south of the National Park area – most notably Balloch – and to lesser extent towns towards the east of the Park including as Callander and Aberfoyle.
 - Views are mixed on the continuing impact of second home buyers across the National Park, although the balance of views seemed to be that there has been some fall in second home buyer activity. This activity was highlighted as being focused primarily in the lower and middle price points within the market, and in the more rural locations to the west and north of the Park (including reference to Lochgoilhead and Arrochar). A substantial fall in second buyer demand may translate into a reduction in pressures at the entry level of the housing market in these areas, but evidence is not available to establish the extent to which this has been the case.

- Interviews highlighted the significance of location on demand and prices in the National Park. There was a clear view, consistent with our sales price analysis, that Lomondside (and particularly Luss, Gartocharn and parts of Drymen) is the highest value sub-area within the Park although reference was also made to housing pressures in and around Arrochar and Tarbet. This was linked in part to continuing demand from households seeking to buy for holiday letting or investment purposes, for whom a view of a loch is often a key motivating factor.
- Questions over the future of the bases at Coulport and Faslane - linked to the Independence Referendum - were highlighted by all property agents as having a depressive effect on market activity in the west and south of the National Park. Agents highlighted the significance of the bases as an employment centre for these parts of the Park, with commuter links north to Arrochar and east to Drymen.

Occupancy restrictions in Loch Lomondside

- 3.29 The National Park Authority's current Local Plan sets out six housing policies which together describe the types of housing development that will be supported across the National Park area. A number of these policies have a specific locational focus, the most specific being Policy HOUS2 which requires new housing developments in the Loch Lomondside area to meet the needs of those living and/or working in the area. The Policy places occupancy conditions on new housing for a period of 10 years.
- 3.30 The low rate of new housing development across the Park as a whole, and in the Loch Lomondside area specifically means that Policy HOUS2 has impacted on relatively few transactions in recent years. As a result, it is not possible to identify the potential impact of the Policy through desk-based sales analysis, and stakeholders consulted as part of the study had very limited experience of the Policy's application.
- 3.31 Few interviewees suggested that occupancy conditions imposed under Policy HOUS2 had a significant impact – positive or negative – on new housing development in the Lomondside area. However, this is in the context of very limited new housing development in the area and a clear view that financial restrictions and limited developer interest are far more significant barriers to development, rather than for example a view that the Policy does not have an impact on specific developments.
- 3.32 Moreover, some notes of caution were expressed in relation to the potential impact of local occupancy conditions on the housing market in the Lomondside area. Property agents had very limited experience of transactions affected by occupancy conditions, but suggested that these conditions reduced the potential sale price of a property by up to 20-25%. Interviews also confirmed that, while lenders will consider properties with occupancy conditions, the availability of finance for these properties is restricted – and often requiring further conditions to free lenders of any such restriction in the event of repossession. It is also notable that Luss Estates – the largest landowner in the area – has brought forward a Strategic Development Framework identifying a number of potential sites for new housing development along the western edge of Loch Lomond, partly in response to what are described as “restrictive development policies within the National Park”.

- 3.33 This suggests that occupancy conditions in the Lomondside area may be having – or would be having if conditions for development more favourable - some depressive effect on housing development and resales in the area. Nevertheless, it is clear that the Policy is not having a significant impact on the housing market in the context of very limited rates of new development across the Park area.

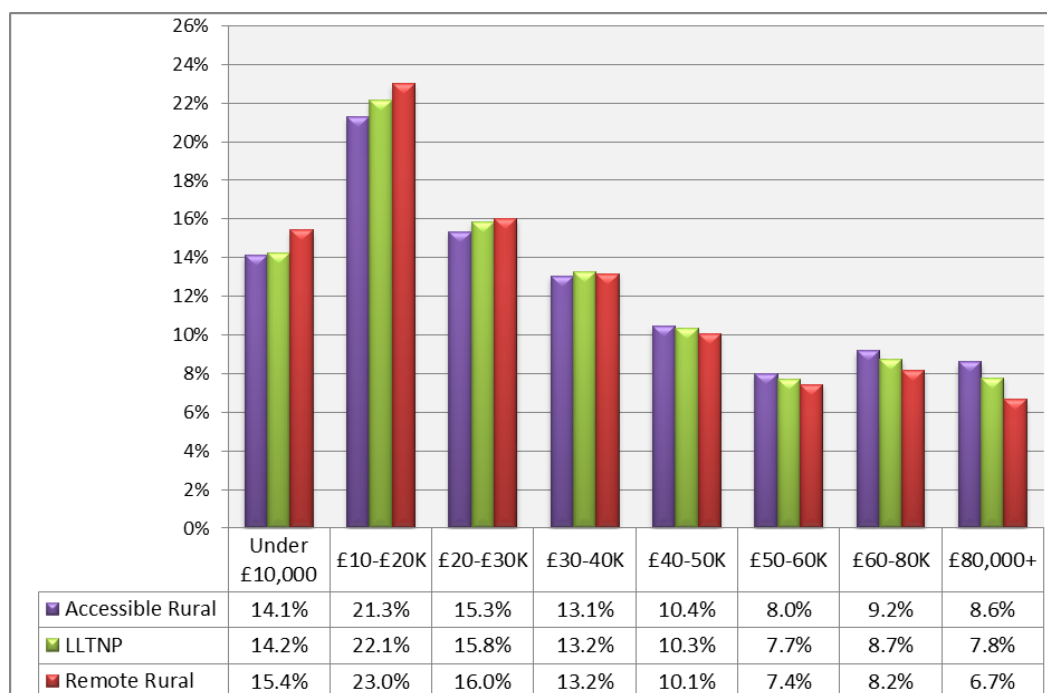
Affordability and housing costs

- 3.34 In spite of housing market slump, housing affordability continues to play a central role in housing policy. This reflects the fact that one of the major objectives of housing strategy is to stabilise housing market prices, and to ensure prices are at a level that ensures owner occupation is accessible to the majority of households in employment.
- 3.35 One of the many and varied challenges that policy makers face in pursuing this goal, is that there is no universally agreed definition of what the term “affordable” means and how it should be measured in practice. The Scottish Government (2008) have however outlined possible measures for exploring housing affordability. Consistent with this guidance, the following paragraphs explore the relative affordability of housing across the National Park, primarily in terms of house price to household income ratios, which is the most commonly employed affordability measure.

Household income

- 3.36 Figure 6 summarises the distribution of gross household incomes (i.e. income from earnings, state benefits, savings and other sources before tax) for the National Park and comparator areas. The figures are derived from CACI PayCheck, which is the most commonly used data source for exploring household incomes and housing affordability issues for small areas throughout the UK.

Figure 6: CACI PayCheck gross annual household income, 2011-12



Source: CACI PayCheck (2011-12): based on intermediate areas/zones

- 3.37 CACI estimate the probable distribution of gross household income down to small area level, using a model that draws of a variety of official and market research data. As the method is adjusted from one year to the next, it is not possible to explore income trends over time. Nonetheless, CACI PayCheck figures provide a useful basis for considering the affordability of private housing in the National Park relative to elsewhere in Scotland, as well as variations in affordability pressures across LLTNP sub-areas at a single point in time.
- 3.38 Figure 6 illustrates the CACI PayCheck gross household income distribution the distribution profile for the National Park level. It shows that the distribution lies between that for Accessible Rural Scotland and Remote Rural Scotland. Consistent with this, table 14 illustrates the average (mean) income for National Park residents is £36,103, which is above the comparable figure for Remote Rural Scotland but somewhat lower than that for Accessible Rural Scotland. This reflects the somewhat higher concentration of higher income households (£50,000+) in Accessible Rural Scotland relative to the National Park, and the higher concentration of lower income households (£25,000 or less) in Remote Rural Scotland relative to the National Park.

Table 14: CACI PayCheck gross annual household income, 2011

	Lower quartile	Median	Mean	Under £25,000	£50,000 +
National Park	£14,495	£28,512	£36,103	45%	24.2%
Accessible Rural	£14,712	£29,490	£37,288	43%	25.8%
Remote Rural	£13,808	£27,011	£34,352	47%	22.3%
Scotland	£13,395	£26,780	£34,569	47%	22.7%
<i>Wider Loch Lomondside</i>	<i>£14,552</i>	<i>£28,773</i>	<i>£36,479</i>	<i>44%</i>	<i>24.7%</i>

Source CACI PayCheck 2011-12 (CHMA data pack)

Note: CACI PayCheck is supplied at intermediate area level. Consequently the figures for LLTNP have been derived on a best fit basis. CACI only report on income in bands of £5,000 (£0-£5,000, etc). The estimates of median incomes and other calculations used later in this report assume that there is an even distribution of households within each income band.

- 3.39 CACI PayCheck is supplied at the intermediate datazone, which do not match well with the sub-area within the National Park geographies. It is therefore not possible to produce what we consider to be credible estimates of gross household incomes at the sub-area level. The National Park wide income estimates have therefore been used to compare the relative severity of affordability pressures in the housing market across the Park.
- 3.40 Indicative income figures for the Wider Loch Lomondside are shown in table 14. These 'illustrative' figures are similar to the National Park wide figures, suggesting that use of National Park-wide income figures is unlikely to have a major distorting effect on affordability measures for the sub-areas. On the other hand it does mean that the variations in affordability pressures reported below are primarily a reflection of variations in house prices at a local level.

Affordability pressures

- 3.41 Table 15 summarises the lower quartile resale price to lower quartile household income ratio, and the lower quartile to median household income ratio for the National Park, the sub-areas and selected comparator areas for 2011.
- 3.42 The Scottish Government (2008) Housing Need and Demand Assessment Guidance suggests that a single earner household should be able to purchase a property some 3.5 times their gross income, and dual earner households should be considered able to afford a property that costs no more than 2.9 times their gross income. Taking the 3.5 multiplier as a benchmark, table 15 confirms that in 2011:
- In spite of the fall in entry level house prices noted earlier, affordability pressures have remained severe for local residents at the lower end of the income distribution. This has also remained the case for Scotland and Remote and Rural Accessible Scotland.
 - The affordability pressures facing National Park residents with an income close to or in excess of the median point of around £28,500 were not so severe. However, at 3.9 the Park-wide ratio exceeded the Scottish Government's benchmark, and the comparable ratios for the three comparator areas.
 - Affordability pressures are most severe in the Loch Lomondside LDP and Wider Lomondside areas.
 - Entry level prices in Cowal and Crianlarich -Killin-St Fillans sub-areas have become more affordable for local residents with incomes close to or above the median.

Table 15: Affordability ratios for resale lower quartile and median prices, 2011

	Incomes		Prices		Affordability Ratios		
	Lower Quartile income	Median Income	Lower Quartile price (entry level)	Median price	LQ price to LQ income	Median income to LQ price	Median income to median price
National Park	£14,495	£28,512	£110,000	£170,000	7.6	3.9	6.0
Accessible Rural	£14,712	£29,490	£110,000	£167,500	7.5	3.7	5.7
Remote Rural	£13,808	£27,011	£97,500	£145,000	7.1	3.6	5.4
Scotland	£13,395	£26,780	£87,000	£130,000	6.5	3.2	4.9
Sub-areas							
Wider Lomondside	£14,495	£28,512	£136,250	£200,000	9.4	4.8	7.0
Loch Lomondside LDP	£14,495	£28,512	£145,000	£241,052	10.0	5.1	8.5
Callander & Aberfoyle	£14,495	£28,512	£115,050	£163,000	7.9	4.0	5.7
Cowal	£14,495	£28,512	£85,000	£140,100	5.9	3.0	4.9
Crianlarich, Killin etc	£14,495	£28,512	£98,000	£175,000	6.8	3.4	6.1

Source CACI PayCheck 2011-12 and sales prices for 2010-11 (CHMA data pack)

- 3.43 A significant constraint for first-time buyers since the onset of the financial crisis has been the size of deposit they typically need in order to access the market. In the aftermath of the credit crunch the average first-time buyer deposit increased to around 25% but it has edged back to around 17% for the last couple of years. CACI PayCheck was therefore used to estimate the proportion of households likely to struggle to purchase a lower quartile resale dwelling with a mortgage equivalent to 2.9 times their gross household income and 3.5 times gross income - with a 100% mortgage or an 83% mortgage (17% deposit). As table 16 shows:
- If it is assumed that a household can borrow 100% of the price of an entry level property and borrow up to 3.5 times their gross income, around 54% of households living in the National Park might struggle to buy an entry level property (at the lower quartile price £110,000). This proportion is above the comparable figures for Scotland and the two other benchmark areas.
 - Assuming households could put down a 17% deposit and obtain a mortgage of up to 3.5 times their gross income, lowers the proportion unable to buy to 46%.
 - Assuming households could only secure a mortgage of 2.9 times their income would increase the proportion to 63%.
 - Assuming a household could pay a deposit of 17% and secure a mortgage of 2.9 times their income would suggest that some 54% of residents could afford to buy an entry level property. This is the same proportion as that produced for a 100% mortgage and a 3.5 multiplier.
 - Households would require a gross annual income of somewhere in the region of £31,000 to be able to afford to purchase a property based on the assumption that they could secure a mortgage up to 2.9 times their gross income and put down a deposit of around 17%. The required income would be more or less the same for a 100% mortgage equivalent to 3.5 times their annual income.
- 3.44 Assuming households could secure a mortgage up to 2.9 times their gross household income and put down a deposit of around 17% table 16 suggests that:
- Households in the Wider Loch Lomondside area would require an income of some £39,000, increasing to around £41,500 for the Loch Lomondside LDP.
 - Households seeking to buy in the Callander and Aberfoyle sub-area would require an income of around £33,000.
 - Households seeking to buy in the Cowal and the Crianlarich-Killin-St Fillans sub-areas would require an income of over £24,000 and £28,000 respectively.
- 3.45 With the exception of the Cowal sub area and the Crianlarich-Killin-St Fillans sub-area, the level of gross household income required to purchase a home at the entry level of the market is higher than the household income required to buy an entry level property for Scotland and the two comparator rural areas.
- 3.46 The above findings confirm that the National Park, especially the Loch Lomondside Area and (to a lesser extent) the Callander & Aberfoyle sub-areas, is amongst the most expensive areas to buy a house in Scotland.

Table 16: Affordability of Entry Sale Price, 2011

	National Park	Accessible Rural	Remote Rural	Scotland		Wider Lomondside	Loch Lomond LDP	Callander & Aberfoyle	Cowal	Crianlarich, Killin & St Fillans etc
Entry level price										
Entry house purchase price	£110,000	£110,000	£97,500	£87,000		£136,250	£145,000	£115,050	£85,000	£98,000
Mortgage required if assume 17% deposit payment	£91,300	£91,300	£80,925	£72,210		£113,088	£120,350	£95,492	£70,550	£81,340
Gross income required to access open market										
Gross income: 3.5 multiplier and 100% mortgage	£31,429	£31,429	£27,857	£24,857		£38,929	£41,429	£32,871	£24,286	£28,000
Gross income: 2.9 multiplier and 100% mortgage	£37,931	£37,931	£33,621	£30,000		£46,983	£50,000	£39,672	£29,310	£33,793
Gross income: 3.5 multiplier and 17% deposit	£26,086	£26,086	£23,121	£20,631		£32,311	£34,386	£27,283	£20,157	£23,240
Gross income: 2.9 multiplier and 17% mortgage	£31,483	£31,483	£27,905	£24,900		£38,996	£41,500	£32,928	£24,328	£28,048
Percentage of households unable to buy										
Entry level price: 100% mortgage & 3.5 mortgage multiplier	54%	53%	51%	47%		64%	67%	56%	44%	49%
Entry level price: 100% mortgage & 2.9 mortgage multiplier	63%	61%	59%	55%		73%	76%	65%	51%	57%
Entry level price: 17% deposit & 3.5 mortgage multiplier	46%	45%	44%	40%		55%	58%	48%	37%	42%
Entry level price: 17% mortgage & 2.9 mortgage multiplier	54%	53%	51%	47%		64%	67%	56%	44%	49%
House price to gross household income ratios										
Entry price to LQ gross household income	7.6	7.5	7.1	6.5		9.4	10.0	7.9	5.9	6.8
Entry price to median gross household income	3.9	3.7	3.6	3.2		4.8	5.1	4.0	3.0	3.4

Source: Register of Sasines data CACI PayCheck 2011-12 (supplied as part of Scottish Government CHMA Data Pack)

APPENDIX: Supplementary analysis for local authority parts of the National Park

Table A1: Resale house price trends: annualised trends to 2011

	2002-03	2004-05	2006-07	2008-09	2010-11	Change 2002-03 to 2007-08		Change 2008-09 to 2010-11		
						£	%	£	%	
National Park										
Volume	631	594	671	393	346		40	6%	-47	-12%
LQ	£57,000	£97,000	£118,500	£124,900	£112,500		£61,500	108%	-£12,400	-10%
Median	£90,000	£154,100	£175,275	£175,000	£170,000		£85,275	95%	-£5,000	-3%
UQ	£160,000	£228,625	£250,000	£250,000	£250,000		£90,000	56%	£0	0%
Argyll & Bute (within Park)										
Volume	161	118	165	88	107		4	2%	19	22%
LQ	£42,600	£90,413	£102,380	£92,875	£100,000		£59,780	140%	£7,125	8%
Median	£75,000	£154,875	£160,000	£165,000	£170,000		£85,000	113%	£5,000	3%
UQ	£126,845	£221,750	£260,000	£232,250	£250,000		£133,156	105%	£17,750	8%
Perth & Kinross (within Park)										
Volume	9	17	11	7	5		2	22%	-2	-29%
LQ	£137,000	£153,750	£230,000	£125,000	£123,500		£93,000	68%	-£1,500	-1%
Median	£202,500	£240,000	£301,000	£217,500	£220,000		£98,500	49%	£2,500	1%
UQ	£325,288	£338,000	£460,000	£356,000	£270,000		£134,713	41%	-£86,000	-24%
Stirling (within Park)										
Volume	364	346	393	242	188		29	8%	-54	-22%
LQ	£60,000	£95,000	£115,000	£130,000	£114,000		£55,000	92%	-£16,000	-12%
Median	£92,250	£151,314	£175,000	£177,500	£171,500		£82,750	90%	-£6,000	-3%
UQ	£160,000	£226,025	£250,000	£270,000	£274,375		£90,000	56%	£4,375	2%
West Dunbartonshire (within Park)										
Volume	97	113	102	56	46		5	5%	-10	-18%
LQ	£67,730	£104,759	£143,125	£125,000	£120,500		£75,395	111%	-£4,500	-4%
Median	£95,000	£149,000	£190,550	£165,000	£170,000		£95,550	101%	£5,000	3%
UQ	£167,573	£222,500	£249,250	£234,375	£249,996		£81,677	49%	£15,621	7%

Source: Register of Sasines (supplied as part of Scottish Government Datapack)

Table A2: Affordability ratios for resale lower quartile and median prices, 2011

	Incomes		Prices		Affordability Ratios		
	Lower Quartile income	Median Income	Lower Quartile price (entry level)	Median price	LQ price to LQ income	Median income to LQ price	Median income to median price
National Park	£14,495	£28,512	£110,000	£170,000	7.6	3.9	6.0
Sub-areas							
Argyll & Bute (within Park)	£14,495	£28,512	£100,000	£170,000	6.9	3.5	6.0
Perth and Kinross (within Park)	£14,495	£28,512	£123,500	£220,000	8.5	4.3	7.7
Stirling (within Park)	£14,495	£28,512	£114,000	£171,500	7.9	4.0	6.0
West Dunbartonshire (within Park)	£14,495	£28,512	£120,500	£170,000	8.3	4.2	6.0

Source CACI PayCheck 2011-12 and sasines prices for 2010-11 (CHMA data pack)