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East Lancashire housing markets: variations and contrasts

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Abstract

The contrasting fortunes of the housing market in different areas of the country are a major political issue. Plans to build large numbers of new houses on greenfield sites in southeast England have caused outrage and consternation in some quarters, while intentions to demolish properties in areas of housing market failure have provoked similar reactions. This article investigates the operation of the housing market in East Lancashire, looking at differences at regional and local levels, uncovering a much more complex situation than simplistic headlines might suggest.

Key words

housing market renewal, house price differentials, Pendle Borough

Introduction

Discussions of regional differences and the 'north-south divide' have a long history in academic geography, the popular press and political circles. Most recently coverage has tended to focus on government attempts to 'correct' imbalances in the UK housing market, ostensibly by building new houses in the southeast and knocking down older houses in other areas of the country. The over-simplified hyperbole of newspaper reporting inevitably suggests a clear north-south divide with a booming southeast failing to cope with rising demand and a declining periphery in which no one wants to live. Figure 1 shows the pattern of multiple deprivation in England. While there is clearly an element of truth in such generalisations with a clear relative concentration of deprivation in the North West, North East, and Yorkshire and Humberside regions and far fewer deprived regions in southern England (outside of inner London). It is important to stress the complexity within such generalisations. Figure 2 shows the wide range of relative deprivation within England using the government's index of multiple deprivation. While the North West has the most deprived Super Output Area (SOA) in the country,¹ the North East has the highest levels of multiple deprivation on average while the least deprived SOA in the North west ranks 32,455 out of 32,482, i.e. within the top 0.1% of least deprived SOAs in the country.

Over the last 30 years, house prices in the UK have increased significantly, while levels of home ownership have grown dramatically, particularly during the period of the Conservative government's 'Right to Buy' policy. As a

England – Local Concentration District Level
Summary of the IMD 2004

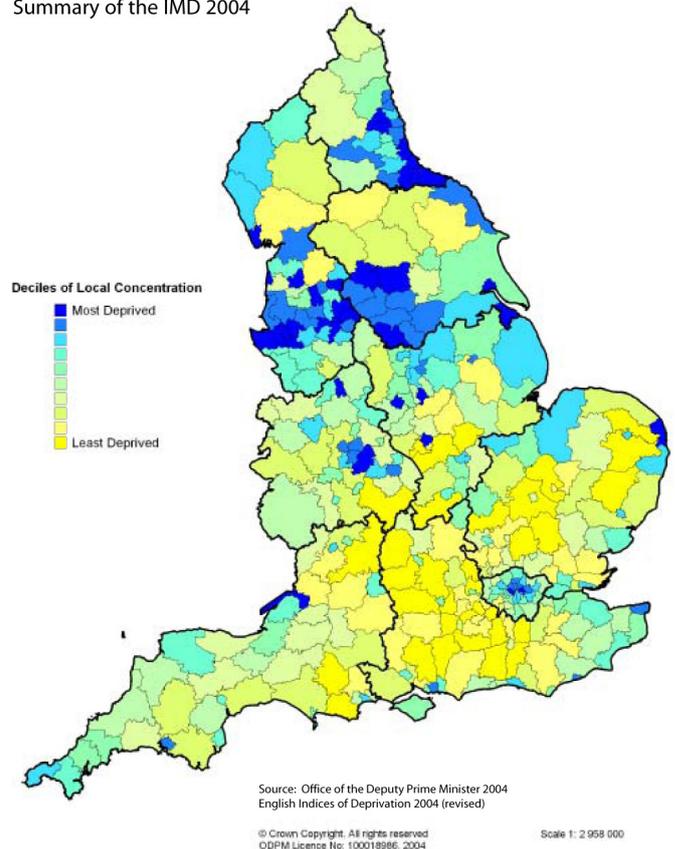
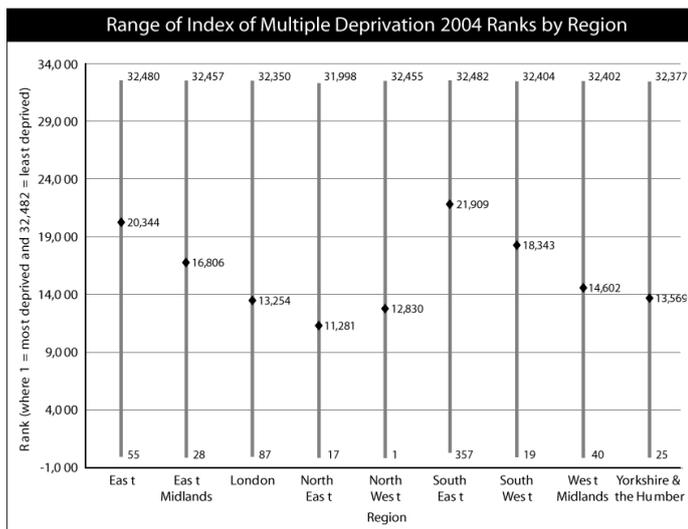


Figure 1: Multiple deprivation in England.

result, housing issues have become steadily more important elements of the political agenda, with government policies over the last twenty years being heavily influenced by the state of the housing market. Indeed, one of the main



Source: Office of the Deputy Prime Minister 2004
English Indices of Deprivation 2004 (revised)

Figure 2: Range of deprivation in English regions.

complaints of manufacturing industry has been that interest rate policies have been all but determined by the state of the housing market rather than by the needs of the industrial nation. Throughout the modern period, house prices have been higher in the southeast of the country than elsewhere, with prices generally being lower in more isolated and economically deprived areas (the exceptions being those areas that are also scenically attractive tourist destinations such as the National Parks). Over the last 10 years, there has been increasing pressure for the government to 'do' something about the situation. The most recent policy initiatives have started to tackle these issues by addressing the housing market itself with a two-pronged strategy: housing market renewal in areas of housing market collapse to enable an area to rebuild its economy successfully, and the provision of additional housing in a managed fashion to take the heat out of housing markets where price rises are proving damaging to the overall economy. It is in this context that recent developments by the Office of the Deputy Prime Minister need to be seen. Plans to demolish 'up to 400,000' homes in the north of England alongside plans to build 200,000 new homes in the southeast certainly look to provide ample evidence for a clear north-south divide.

This paper aims to demonstrate that things are not quite so simple by investigating the workings of the housing market by looking initially at two contiguous local authorities in Lancashire, Ribble Valley and Pendle, before focusing further onto the workings of the housing market

at ward level within the borough of Pendle. It will show that housing market conditions have regional and local dimensions as well as national ones and that simplistic stereotyping can result in inadequate geographies being developed.

Housing market renewal

In 2003, the government announced a £100 million package as part of a 15-year plan to demolish empty properties, remodel communities, raise pay and boost social cohesion in nine Pathfinder schemes.² The nine Housing Market Renewal Pathfinder schemes cover areas that are amongst the most deprived in the country and which are experiencing housing market failures (Elevate East Lancs, 2003). But there are dangers in assuming that all nine areas have similar problems; the issues facing Hull, for instance, are in many ways quite different to those facing East Lancashire (Hull City Council, 2004).

At first glance, East Lancashire is a classic case for government intervention to arrest economic and social decline. The area has wage levels significantly below the national average, and a housing stock much of which is old and in poor condition. Of the 85,000 homes, 67,000 are terraced and a quarter of all homes in the area are officially unfit to be lived in with 10% being vacant (The Observer, 27th June 2004). House prices in the East Lancashire Pathfinder area are the lowest of all the Pathfinders (under £30,000 compared to the Pathfinder average of £44,000 in 2002) and also the lowest rate of price increase in the period 1996-2002 – a mere 19% compared to a national average of 104%. The lower quartile price (£13,000 in 2002) is very low indeed and fell from £15,000 over the period 1997-2002. The housing market in many neighbourhoods has effectively collapsed. 53% of properties in East Lancashire are in Council Tax Band A compared to 44% across the North West and 26% nationally (Elevate East Lancs, 2003).

Elevate East Lancashire is the strategic body designated to provide an overall approach to housing market renewal as a key element in the regeneration process across the six local authorities of Blackburn with Darwen, Burnley, Hyndburn, Pendle, Rossendale and Lancashire County Council. Each of the seven intervention areas (see Figure 3) has a specific Area Development Framework (ADF) with a strategy for improvement over a 10-15 year period.

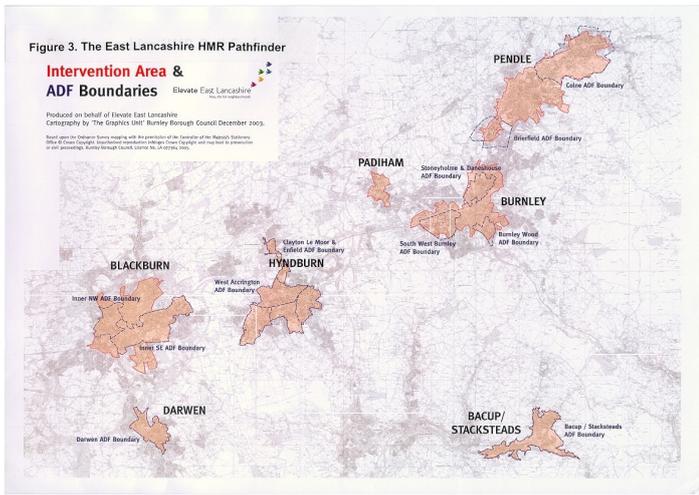


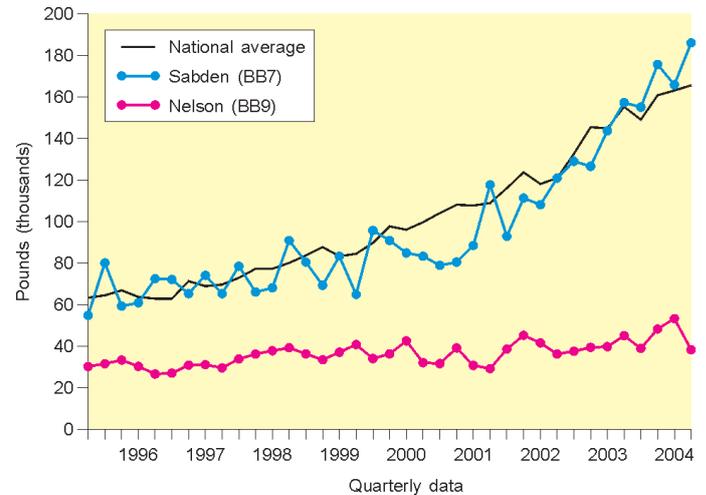
Figure 3: East Lancashire HMR Pathfinder.

Over much of the area economic growth has been limited, life opportunities are restricted due to the lack of skills, there is poor community cohesion and the quality of housing and the physical environment leaves much to be desired. Much of the housing stock is very old and is in poor condition. 67% of the housing in the HMRs is made up of pre-1919 terraces which fail to meet the aspirations of residents resulting in out-migration, with vacancy levels rising from 8% in 1991 to 16% in 2001 (Elevate East Lancs, 2003). The East Lancashire economy suffers from significant structural weaknesses due to an over-reliance upon traditional manufacturing industries and a commensurate bias towards low value employment. Over the five year period 1997-2001 there was a 14.9% decline in manufacturing jobs in an area where 26.6% of the workforce is still employed in manufacturing on low wages. 23 out of the 46 wards in the Pathfinder are among the 10% most deprived in the country with 13 being in the 5% most deprived (Elevate East Lancs, 2003).

Intra-regional contrasts

It is clear from this discussion that there are indeed major issues here which conform to stereotypical debates about a north-south divide. However, if we move less than 10 miles away out of the valley of the River Calder and cross the watershed into the valley of the River Ribble, then a very different picture emerges. Taking the village of Sabden (population 1,371), for instance, just 7 kilometres from the stagnant property values of areas within Pendle Borough, we can see a comfortable, affluent commuter village where house prices have risen in line with the national trend, while their less fortunate neighbours have met with stagnating or even falling house prices (see Figure 4). Investigation of

the reasons for these differences suggests a range of factors providing a local dynamic to a national picture along with more complex findings in terms of factors influencing the operations of housing markets.



Source: www.Upmystreet.com accessed 24th June 2004 – all based on Land Registry data.

Figure 4: House prices in Nelson and Sabden, 1995-2004.

Until relatively recently, Sabden was just another Lancashire village with a skyline dominated by mill chimneys which experienced significant industrial decline during the post-war period. The last cotton mill closed in 1970, and only furniture manufacture continues in the village on a much-reduced scale (Barrett & Eaves, 2004). Interestingly the only original mill premises surviving now contains the Pendle Antiques Centre.³ The housing of the village has many stone-built terraces of the kind common across East Lancashire. Such a scenario elsewhere, as we have seen, has led to housing market failure, however while properties in Nelson might fetch £30-40,000 at present, similar properties in Sabden are selling for £130-150,000.

Recent research (Cheshire & Sheppard, 2004) has suggested that the location-specific attributes of houses; socio-economic make-up of the neighbourhood, views, access to open spaces, schools and so on, contribute far more to the overall price of houses than more mundane things such as physical state, age and construction of the property.⁴ An analysis of these attributes using 2001 Census data highlights a number of significant differences between the adjoining local authorities. The population of Sabden is slightly older (see Table 1) and has significantly higher academic qualifications (Table 2). It is also more economically active with lower levels of unemployment but with a larger retired element to its population (Table 3). Car ownership

might also be used as a surrogate for affluence (Table 4) with almost 30% of households in Pendle not having access to a car or van compared to only 13.4% in Sabden while at the other extreme less than a quarter of households in Pendle own 2 or more cars, compared to 41.4% in Sabden.

Table 1: Age structure (% of population)

Age	Sabden	Ribble Valley	Pendle	England & Wales
< 20	23.3	24.4	28.1	25.1
20-59	54.6	52.8	52.0	54.1
60 +	22.2	22.9	20.0	20.9
Av. age	40.4	40.5	37.7	38.6

Table 2: Academic qualifications (%)

	Sabden	Ribble Valley	Pendle	England & Wales
No qualifications	24.1	23.2	35.9	29.1
Degree or higher	24.5	24.9	13.7	19.8

Table 3: Economic activity (%)

	Sabden	Ribble Valley	Pendle	England & Wales
Employed	66.2	65.5	57.7	60.6
Unemployed	2.7	1.6	3.6	3.4
Retired	15.4	16.5	13.8	13.6

Table 4: Car ownership (per household)

	Sabden	Ribble Valley	Pendle	England & Wales
No car or van	13.4	14.6	29.6	26.8
2 or more cars	41.4	41.6	24.1	29.4

Sabden is almost exclusively white (99.1%) as is the whole of the Ribble Valley (98.4%). This contrasts with a significant Asian/Asian British population in Pendle (14.1%) of which the vast majority (13.4%) are of Pakistani origin. From these relatively limited statistics it can be seen that there are distinctive differences in the nature of the two populations.

The relative academic qualifications of the two populations have already been mentioned. Of equal, or perhaps greater, significance as an influence on house prices is the 'postcode lottery' of access to schools that are considered to be 'good'. Since the publication of school

league tables in 1994, there has been increasing evidence of wealthier parents being prepared to buy their way into the catchment areas of higher achieving schools. Cheshire & Sheppard (2004) found that houses in the best secondary school catchment area increased in value by 18.7% (£23,763) compared to the worst secondary school. This certainly appears to be the case in the Ribble Valley where demand for places exceeds supply and there are frequent articles in the local press about ensuring that local pupils go to local schools. As a crude indicator of educational desirability, Table 5 shows GCSE results for the Ribble Valley and three neighbouring boroughs with housing market intervention areas. There are striking differences between the boroughs further enhancing the position of the Ribble Valley as a preferred location for house purchase.

Table 5: Educational achievement

Borough	GCSE results (% - 5 A* - C)
Ribble Valley	74.28
Burnley	50.92
Pendle	43.52
Hyndburn	39.31

Note: Results have been calculated on the basis of results at secondary schools within the district authorities using the assumption that all pupils in that school would be resident within that district. In reality this may not be the case given that all the schools (except independents) fall within the control of the Lancashire Local Education Authority.

Source: Based on 2003 data. www.upmystreet.com accessed 25th October 2004.

The adage, 'location, location, location' can be seen to operate at a number of levels. A major consideration is the relative environmental quality of the two areas. Effectively, the Forest of Bowland (Forest of Pendle) Area of Outstanding Natural Beauty covers much of the rural parts of both areas under consideration. It is also undoubtedly the case that the industrial towns of East Lancashire are surrounded by stunning upland scenery. However, the urban environments of Pendle are much less attractive, as recognised by the strategy of Elevate East Lancashire to develop a 'green heart' as a 'high quality, well managed landscape gateway between the urban areas lying to the north east and south west' while at the same time maximising the opportunities for landscape enhancement along river and canal corridors. (Elevate East Lancs, 2003,) While the Ribble Valley is able to cling to its notions of protecting a 'rural' way of life, with

all this entails in terms of perception and lifestyle, there are no such possibilities available to the residents of the industrial towns.

A further factor influencing house price appears to be the mix of the housing available. The Ribble Valley as a whole has a relatively balanced mix of properties, with equal numbers of detached and terraced properties, both accounting for slightly less than one-third of the total housing stock (Table 6). Pendle, on the other hand, has a disproportionate number of terraced properties, accounting for almost 60% of the housing stock. At the more local level, sales in the quarter April to June 2004 provide an indicator of the relative mix of housing. Whereas in Sabden, 31% of sales were of terraced properties (15/46), in Nelson 84% of all sales (272/322) were terraced and only 8 detached properties were sold compared to 17 in the much smaller settlement of Sabden; a factor which appears to enhance the value of terraced properties given their proximity to more expensive housing. On the other hand, in Nelson, the dominance of the terrace results in a relative over-supply, further depressing prices. Modern aspirations towards car ownership also severely reduce the desirability of properties where off-street parking may be impossible and on-street parking problematic.

Table 6: The housing stock (%)

	Ribble Valley	Pendle	England & Wales
Detached	31.6	12.4	22.8
Semi-detached	28.8	22.2	31.6
Terraced	31.6	58.6	26.0
Flat	7.2	6.5	19.2

The quality of the housing stock is also demonstrated by the census data, with only 7% of housing in the Ribble Valley lacking central heating (9.4% in Sabden) compared to 20.3% in Pendle, one in five of the housing stock. Alongside considerations of housing quality, there are also significant differences in housing tenure (Table 7) with more homeowners in Sabden than Pendle (84.6% compared to 75.1%) and commensurately fewer renting (15.5% compared to 24.8%).

Table 7: Housing tenure (%)

	Sabden	Ribble Valley	Pendle	England & Wales
Owner occupied	84.6	81.2	75.1	68.9
Council rented	5.0	5.4	9.6	13.2
Housing association	0.5	2.2	3.0	6.0
Private rented	10.0	11.2	12.2	11.9

This comparison of two contiguous districts clearly demonstrates the dangers of an over-simplistic north-south divide and at the same time reflects differences that occur across Britain between the urban and the rural in local regions. The second part of this paper looks in more detail at the local level within Pendle Borough and will demonstrate that the picture is even more complex when the micro-level operations of the housing market are investigated.



Plate 1: Unrenovated terraced housing in Whitefield Ward, Nelson.



Plate 2: Renovated terraced housing in Whitefield Ward, Nelson.



Figure 5: Map of Pendle borough showing wards.

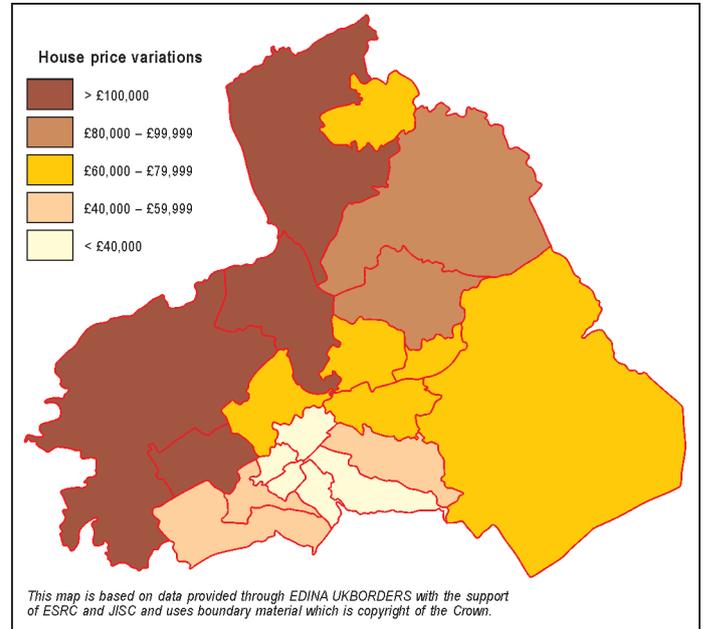


Figure 6: House price variations in Pendle borough; terraced housing.

Housing in Pendle Borough

The Borough of Pendle has a total population of 89,248 in 20 wards (see Figure 5) consisting of an urban and industrial core centred on the towns of Nelson, Colne and Brierfield in the East Lancashire valley with a rural eastern end and open fells to the south. The Whitefield ward is the 39th most deprived ward in England, while Pendleside and Old Laund Booth (Fence) wards are ranked in the 2,000 least deprived. (Dod's 2004).

House price variations across the borough are striking (see Figure 6) In the case of terraced housing, prices are highest in Pendleside (£136,667) and lowest in Whitefield (£24,034). That is to say, average house prices are five times higher for properties in wards with boundaries less than 2 kilometres apart. Interestingly, semi-detached and detached prices do not show the same variations across the borough. The most expensive semi-detached housing (£181,603 in Old Laund Booth) is slightly less than 3 times the price of the cheapest (£64,559 in Bradley) although Whitefield has too few sales of either semis or detached housing for statistics to be measured. The most expensive detached housing (£301,000 in Blacko) is only 59.8% higher than the cheapest area (£180,000 in Reedley).

If we investigate the mix of housing in each ward, then it can be seen that those wards with a balanced range of housing types are also the wards with the healthier housing markets, while the lowest prices are found in the wards where terraced housing dominates (see Table 8). Indeed correlating house prices for terraced housing with

percentage of house sales of terraced housing gives an almost perfect correlation of -0.958. These findings at the local scale confirm the earlier observations when comparing Pendle Borough with the Ribble Valley.

Table 8: Terraced housing; prices and proportions

	House price (£k)	% terraced
Whitefield	24.0	100
Walverden	30.2	90.6
Clover Hill	32.5	87.4
Bradley	33.2	87.5
Southfield	39.8	79.4
Brierfield	42.6	75.1
Marsden	44.0	82.1
Reedley	45.2	64.4
Horsfield / Vivary Bridge	65.1	74.1
Waterside	67.5	74.3
Barrowford	72.3	60.2
Bousworth	74.5	64.3
Coates	78.7	65.3
Earby	92.6	56.8
Foulridge	95.3	48.6
Blacko with Higherford	127.6	54.1
Craven	128.6	27.2
Fence (Old Laund Booth)	128.7	39.1
Higham & Pendleside	136.7	39.1

Source: www.upmystreet.com Accessed 22.12.04

A closer investigation of a range of census data suggests a number of other clear correlations with house prices (see Table 9). Correlating the number of residents lacking formal educational qualifications with house prices provides an Rs of -0.867. Lack of educational qualifications can be used as a surrogate for relative poverty. A further indicator of such poverty can be used in the form of lack of car ownership. Correlating house prices with low levels of car ownership gives an Rs of -0.812. Thus far the conclusions that can be drawn might simply be caricatured as poorer people live in cheaper housing. However, other elements can be cross-correlated to suggest a more complex sequence of causation.

Table 9: Rank spearman correlations with price of terraced housing by ward.

Mix of housing	-0.958
Lacking formal educational qualifications	-0.867
Lack of car ownership	-0.812
Percentage white	+0.771

Where n = 20. All values significant at 99% (99% = 0.591)

The influence of ethnic origin

Pendle Borough has a significant British Asian (almost exclusively Pakistani-origin) community. However, this community is not distributed evenly across the borough. In 12 of the 20 wards, ethnic whites form more than 95% of the population while 7 wards have more than 36% Asian-origin populations. In the case of Whitefield, only 29.7% of the population is ethnic white while 68.7% is described as Asian origin (see Figure 7). Correlating house price with percentage ethnic origin gives an Rs value of +0.771. This indicates clearly that the lowest house prices are found in areas where there are significant numbers of residents from ethnic minorities.

While the overall national pattern of Asian settlement has not changed significantly in the last 20 years (Anwar,1998), there does appear to have been change at ward level. The wards with the lowest house prices are also the wards in which the proportions of South Asian origin residents have increased by the most, or conversely these are the areas that have experienced the greatest decline in the percentage of ethnic whites in the borough. While overall population trends are difficult to discern and boundary changes and planning policies have had significant impacts at ward level, clear changes have taken place between the 1991 and 2001 censuses. The two wards with the lowest house prices, Whitefield and Walverden, have seen their overall

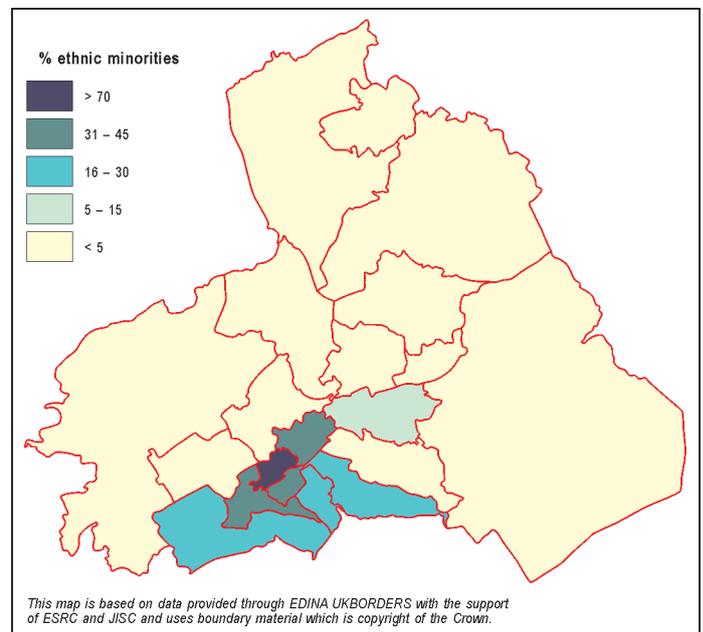


Figure 7: Pendle borough; percentage ethnic minorities.

Table 10: Ethnic change, 1991-2001

Ward	% white 1991	% white 2001	Change	Terraced house price (£)
Barrowford	97.8	97.4	-0.4	
Boulsworth	99.5	98.6	-0.9	
Bradley	73.6	58.5	-15.1	33,211
Brierfield	72.3	63.3	-9.0	
Clover Hill	94.7	80.6	-14.1	32,529
Coates	97.1	97.9	+0.8	
Craven	97.9	97.5	-0.4	
Earby	99.2	99.0	-0.2	
Fence	98.4	95.5	-2.9	
Foulridge	99.7	98.6	-1.1	
Horsfield	98.5	98.7	+0.2	
Marsden	93.0	96.7	+3.7	
Pendleside	99.1	99.4	+0.3	
Reedley	89.1	79.8	-9.7	
Southfield	86.3	80.6	-5.7	
Vivary Bridge	98.4	97.7	-0.7	
Walverden	73.9	63.2	-10.7	30,168
Waterside	92.9	92.8	-0.1	
Whitefield	46.4	29.7	-16.7	24,034

Note: There were changes to some wards between the two censuses, but the only major ones related to the merging of smaller (in population terms) rural wards, the urban wards were largely the same between censuses.

populations fall by just under one-fifth (18% and 16% respectively) while their white populations have fallen by almost one-third (32% and 28%).

It is extremely difficult to prioritise the causation in the case of the housing market. A purely statistical approach would suggest that mix of housing is the strongest factor, however perceived quality of the environment is much less amenable to statistical analysis than some of the variables discussed earlier. Equally, cumulative causation, that is to say areas entering an interconnected spiral of decline (or alternatively a virtuous circle), clearly has an impact. What can be said with some certainty is that the poorest sections of the community have become concentrated in particular areas of the borough of Pendle and that these areas tend to be, or have become, the least attractive environments. This is not to suggest that Britain has ghettos along American lines. Indeed Peach (1996) persuasively argues to the contrary, but it is clear that South Asian origin residents are tending to cluster, unlike Black Caribbean groups who have become more dispersed in recent years.

It would be equally inadequate to suggest that the emergence of this spatial pattern is purely a consequence of economic inequalities since aspects of South Asian culture have clearly been contributory factors. As long ago as 1974, Dahya highlighted the Pakistani preference for multi-occupied accommodation deriving from village and family migration and a desire to maximise savings

while avoiding mortgages. The tendency towards living in joint and extended family systems remains. The benefits of shared language and access to shops and mosques were also important factors influencing clustering (Peach, 1996; Anwar, 1998).

On the negative side, Anwar found that a significant number of Asians believed they lived together as a result of the hostility shown towards them by some sections of the white population (Anwar 1998:81). The over-representation of ethnic minority groups in lower income categories has added a racial element to the socio-economic and spatial distributions across the borough and created some racial tension regarding perceived favouritism in relation to investment strategies. The challenge for the planners will be to break these links and restore the vibrancy of the housing market in the worst affected areas.

Summary

This paper has shown that an analysis of housing markets needs to pay close attention to the local alongside more generalised observation of national trends. It has also demonstrated that the nature of a North-South divide is a concept which at times has the potential to confuse rather than clarify. Differences have been identified at the national level, the regional level and the local level, all of which need to be incorporated if effective analysis is to be achieved.

Notes

This work has been undertaken as part of the Geographical Association project 'Where will I live?' funded jointly by the GA and the Commission for Architecture and the Built Environment.

- 1 Calculations were originally based on the 8,414 wards in the country, however most recent work has used smaller units - the Super Output Areas (SOAs) of which there are 32,482. See Office of the Deputy Prime Minister (2004) for more details.
- 2 The areas are: Newcastle and Gateshead, Humberside (Kingston upon Hull and East Riding of Yorkshire), South Yorkshire (Sheffield, Barnsley, Rotherham and Doncaster), Birmingham and Sandwell, North Staffordshire (Stoke on Trent and Newcastle under Lyme), Manchester and Salford, Merseyside (Liverpool, Sefton and Wirral), Oldham and Rochdale, East Lancashire (Blackburn with Darwen, Hyndburn, Burnley, Pendle and Rossendale)
- 3 The term 'Pendle' can be confusing in this context. Sabden is located in the valley of Sabden Brook on the southern slopes of Pendle Hill in the heart of 'Pendle Witch Country' while Pendle Borough Council including the industrial towns of Nelson and Colne incorporates the open countryside on the south and eastern flanks of Pendle Hill.
- 4 I am grateful to Professor Paul Cheshire for these observations. Personal correspondence.

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