

Some Further Questions Answered



Is there a house price premium in National Parks?

There has been interest in whether there is a house price premium in National Parks and how far any premium relates to the National Park itself or to other factors.

The survey that is regularly quoted is that by Nationwide¹. This suggests that houses in National Parks attract an average 20% house price premium. The counter argument is that the premia relate to the attractiveness and desirability of an area, and that while National Parks are undoubtedly attractive and desirable areas, so are many other places. For example, house prices are high in many parts of Dorset and a survey a few years ago by Metropolis Surveyors said that the Purbeck area of Dorset was the least affordable area in the country with average house prices 14 times average salaries.²³

The Chief Economist at Nationwide says that National Parks are not the only areas in the country that attract a premium. Nationwide aims to undertake more work including on house prices in AONBs. *"We are expecting to also see premia for AONBs. I suspect that some of the price premium associated with National Parks relates to the attractiveness of rural areas and countryside, rather than National Park designation. Of course, the protection offered by designation and boost to tourism & local businesses may itself increase their appeal."*⁴

The New Forest National Park

There has been a misunderstanding on a possible house price premium in the New Forest National Park. The Nationwide survey suggests that on the basis of their evidence, the average house price in the New Forest in the year to September 2020 was £475,000. 20% of this would suggest a premium of £95,000. But Nationwide say this figure cannot be used as a premium *"as it is not possible to estimate an individual premium for each National Park"*. Both the number and size of houses that happen to have been sold in any year will inevitably vary, and direct comparisons cannot be made⁵. Any premium may also apply to other desirable areas and Nationwide will undertake further work on this. Because of misunderstandings, *"we will look at how these [figures] are presented."*

How diversified is the economy of the South Downs National Park? Is it, for example, overdependent on tourism? Are young people leaving the area?

Business Data

There were approximately 55,500 employees in the South Downs National Park in 2018, an increase of 1,530 or 2.84% between 2016 and 2019 according to the Business Register and Employment Survey (BRES) 2018. Over the same period, the neighbouring comparator areas have all shown lower employment growth.

¹ https://www.nationwide.co.uk/-/media/MainSite/documents/about/house-price-index/2020/National_Parks_Special_2020.pdf

² <https://www.metropolis-surveyors.com/blog/revealed-least-affordable-places-britain-buy-property> May 2017

³ The average price paid for a house in Purbeck in the 12 months to May 2021 was £403,799 (£418,500 in the 3 months to May 2021) <https://www.zoopla.co.uk/house-prices/isle-of-purbeck/>

⁴ Private communication

⁵ The Nationwide survey in December 2013, for example, suggested an average house price of £336,000 in the New Forest.

The largest sector in the South Downs National Park is the *Professional, Scientific & Technical* sector which makes up 21.02% of all businesses, indicating a relatively knowledge intensive business base compared to the neighbouring areas of the Solent and South East LEPs. Using the ONS broad knowledge economy definition, there were 2,645 business in 2019 in the knowledge economy in the South Downs National Park, 32.51% of the total of 8,135 businesses. Since 2016, only the South Downs NP and the Enterprise M3 LEP area have shown a positive growth in the percentage of knowledge economy businesses during the reference period 2016 - 2019, whereas Solent, South East LEP, Coast to Capital LEP and the South East region as a whole all saw a decline.

The visitor economy is a significant part of the South Downs National Park's economy and benefits from National Park designation. Research commissioned by the South Downs NP shows that in 2018 there were 19.08 million visitors and 20.4 million visitor days producing an economic contribution of £436.81m at 2018 prices. There were 860 visitor economy businesses in the South Downs National Park in 2019 representing 10.57% of the business population.

Agriculture, Forestry & Fishing makes up 8.91% of all registered businesses.

Population Data

There were 117,832 residents in the South Downs National Park in 2018 according to ONS mid-year population estimates, an increase of 5,340 or 4.75% since 2011.

The 65+ age group has continued to increase at the fastest rate and now makes up 25.35% of the population in the National Park. Those aged 16 to 24 have increased by around 5% from 9,832 to 10,311 between 2011 - when the South Downs NP became operational - and 2018, while those aged 25 to 44 have decreased by around 6% from 23,061 to 21,492.

The resident population in the South Downs National Park is highly qualified with 47.8% of the resident working age population holding a degree (Level 4) qualification or higher, compared to just over a third (34.6%) of the residents of the South East as a whole.

Some Conclusions

The economy of the South Downs National Park is broadly based. Its knowledge-based business sector – about a third of all businesses – is large and growing. The National Park benefits the visitor economy but is not overdependent on this.

In the South Downs, like other areas, there has been an increase in the percentage of older people. There has also been a slight increase in the number of young people aged 16-24.

(Information from Economic Data Update South Downs National Park August 2020 SDNPA and Simpson Consulting)

*Dorset National Park Team,
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