Chapter 2 Identifying a housing market area: the South East London profile

Key points

Characteristics of the sub-region

- South East London is the smallest of the five London sub-regions, both in population households, holding 17% of London's population. It has a high proportion of both under 15s and over 75s, resulting in the lowest proportion of working age population in London;
- The sub-region only holds 12% of London's jobs, reflecting the importance of commuting into Central London; estimated average household incomes are £45,000, below the London average, and second lowest among the sub-regions; this figure is inflated by a long 'tail' of higher earners, and more precise borough-based figures appear in Chapter 4
- 51% are owner-occupiers, the second highest proportion of the sub-regions; the sub-region has relatively high numbers of social / affordable renters (29%) and low numbers of private renters (20%). There are substantial variations between the authorities
- The sub-region has a lower level of overcrowding and a higher level of under-occupation than the London average and most sub-regions, across all tenures
- South East London has the lowest house prices in London, with the sale price running at 72% of the London average. In 2012 it had the highest level of sales among the sub-regions; it has the lowest price to earnings ratio (prices running at 9.2 times earnings), though this is still very high; private sector rents have been increasing substantially
- Significant points differentiating South East London from other sub-regions are high numbers of ageing residents, low incomes, high benefit dependency and relatively low house price to income ratios.

Identifying a housing market area

- Official guidance requires that Housing Market Assessments should be based on housing market areas (HMAs). HMAs are areas within which patterns of travel to work and household movement/migration are substantially self-contained.
- In London and other major urban centres however, the variety of economic and employment foci, transport networks, all mean that levels of self-containment are lower than elsewhere.
- The 2010 SHMA concluded that the five boroughs formed a coherent HMA within which travel to work and migration patterns were reasonably self-contained and with sufficiently different characteristics to provide housing for households as their characteristics changed.
- The pattern of house prices also provides evidence on HMA boundaries. There is a wide spread across the spectrum, suggesting that the area as a whole provides variety and choice.
- Given the unique nature of London and this variety and choice within South East London, we conclude that the sub-region continues to be a coherent HMA. However, the SHMA must take into account linkages with other areas.

Introduction

2.1 This chapter has two roles: firstly, to compare some of the key characteristics of the South East London housing market to those of the four other London sub-regions, in order to identify if there are significant differences or factors that should be considered in comparing South East London to the rest of London; and secondly to assess how closely the five boroughs form a coherent housing market area (HMA).

South East London in context: key characteristics

2.2 The South East London Partnership is one of five sub-regional housing partnerships covering the capital, the other four being South West, West, North East and North London. This section gives a 'snapshot' showing the current similarities and differences between South East London and other sub-regions. Future trends and projections are described more fully in chapter 5

Map 2.1 The London sub-regions

Population and population change

2.3 In terms of population, South East London is the smallest of the five sub-regions. In terms of households South East London is also the smallest sub-region

Table 2.1 Population and households

	Population 2011		Households 2011	
	No.	%	No.	%
South East	1,366,480	17%	562,894	17%
South West	1,718,660	21%	708,591	22%
West	1,766,722	21%	674,880	21%
North East	1,791,203	22%	671,461	20%
North East	1,574,410	19%	660,514	20%
London	8,217,475	100%	3,278,340	100%

Source: GLA, 2013 Round Central Trend Population and Household Projections

2.4 In 2011 South East London had the highest proportion of people aged 75 or more in London and the second highest proportion of children aged 0-15, so the proportion of the population aged 16-64 (the working age population) was the smallest of the five sub-regions.

2.5 Population change in South East London in recent years has been driven by natural growth and by net migration in from abroad, with a small net loss to other areas within the UK (including other parts of London).

2.6 All the sub-regions of London have a broadly similar pattern, but with higher levels of net population change, higher natural change, and a higher level of net international in migration. All the other sub-regions also have a higher level of net out migration to the rest of the UK except South West London, where internal migration flows in 2011 were more or less in balance. Looking at gross migration flows, South East and South West London have much lower levels of 'churn' than the three other sub-regions, or in other words they are more stable in population terms.

Jobs and economic activity

2.7 GLA projections indicate that there were 588,000 jobs in South East London in 2011, the smallest number of any sub-region. South East London had 17% of London's population but only 12% of jobs. South West London and West London also had a 'jobs gap', whilst North and North East London had more than their proportionate share of jobs. This reflects the greater importance of commuting into Central London from the south and west.

2.8 Table 2.2 shows economic activity and inactivity in 2011. South East London had an overall economic activity rate equivalent to the London-wide average (72%). Only South West London had a higher rate overall. The proportion of people employed or self-employed was also relatively high (63%) with lower rates in the West, North and North East sub-regions. Unemployment levels were similar across all the sub-regions, though slightly higher in North East London and lower in South West London. The proportions of people economically inactive, and within this, levels of retired people, those looking after family or home and the proportions of long term sick people were all relatively similar across sub-regions. South East London had a lower than average proportion of students, with only South West London having a smaller proportion and the North and North East London sub-regions having the highest proportions of students.

Table 2.2 Economic activity/inactivity 2011, London sub-regions

	% of persons aged 16-74							
	Econ-omically active	Emp-loyed/ self emp	Part time emp as % of employ-ed/self emp	Unemp-loyed	Inactive	Retired	Looking after home /long term sick	Full time students
South East	72	63	24	5	28	9	9	11
South West	75	67	21	4	25	8	8	10
West	71	62	23	5	29	9	9	12
North East	70	58	25	6	30	8	10	13
North	70	61	24	5	30	8	9	13
Greater London	72	62	23	5	28	8	9	12

Source: ONS, 2011 Census, Table QS601EW

Incomes

2.9 Detailed estimates of the distribution of household incomes for the South East London boroughs sourced from CACI Paycheck are presented in Chapter 4, but up to date data on incomes from this source is not available for the other London sub-regions. Estimates of local incomes are produced periodically by the Office of National Statistics, but the most recent estimates at the time of writing are for 2007-08. Actual incomes are likely to have changed substantially since then, but Table 2.3 shows sub-regional incomes relative to the London average in 2007. If these relative positions have been maintained since 2007-08, North East London had the lowest average incomes at about 85% of the London-wide average, with South East London households averaging about 94% of the London average. The other three sub-regions had incomes above the London average, with the South West sub-region having the highest incomes at 11% above the London-wide average.

2.10 Table 2.3 also shows estimates of incomes prepared by GLA and made available to this study on the basis that the results are experimental and subject to future revision. These estimates produce higher average incomes for each sub-region in 2013. For South East London and North East London, average incomes are estimated to have roughly the same relationship to the London average as in 2007-08. The main difference in the 2013 estimates is a much higher average income level for North London in 2013 relative to the London-wide average. These figures should be treated with caution, and are only used for sub-regional comparison purposes. More detailed figures for the South East London boroughs are shown in Chapter 4 and in particular Table 4.4 and Figure 4.17. This shows that incomes are concentrated at the lower end of the range, with a very long 'tail' at the upper end of the earnings spectrum.

Table 2.3 Average household incomes relative to London average, London sub-regions

	ONS estimates 2007-08		GLA estimates 2013	
	Estimated average income 2007-08 (£)	Ratio to London-wide average	Estimated average income 2013 (£)	Ratio to London-wide average
South East	40,933	0.938	45,120	0.970
South West	48,380	1.109	49,535	1.065
West	46,043	1.055	46,712	1.004
North East	36,826	0.844	41,086	0.883
North	45,016	1.032	49,975	1.074
Greater London	43,635	1.000	46,521	1.000

Source: ONS, Model-Based Estimates of household incomes at MSOA Level, 2007/08 and GLA estimates

2.11 A recent GLA report[1] on low pay in London indicates that there is an association between low pay and high proportions of people working part time, or working in the cleaning, retail, hospitality and catering and social care sectors. Detailed local data on these sectors is not available but Table 2.4 below shows the proportion of people working in related industries in the five London sub-regions in 2011

Table 2.4 Employment by industry 2011, London sub-regions

	% of all people 16-74		
	Wholesale and retail trade; repair of motor vehicles and motor cycles	Accommodation and food service activities	Human health and social work activities
South East	12.0	5.9	11.9
South West	12.2	5.3	11.1
West	14.6	6.6	9.6
North East	13.9	7.3	10.7
North	12.3	6.4	10.5
Greater London	13.1	6.3	10.7

Source: ONS, 2011 Census, Table QS605EW

2.12 In terms of other information on incomes, Table 2.2 suggested that South East London was relatively close to the London averages for the proportion of people who were retired in the under 75 age groups, and for those in part-time employment (who tend to have lower incomes). South West and West London tended to have lower proportions of these groups than the average, whilst the North and North East sub-regions had higher proportions.

2.13 Table 2.5 shows the proportions of the working age population receiving benefits in 2008 and 2013. This shows a similar pattern, with South East London having slightly higher proportions receiving out-of-work benefits and receiving Job Seekers Allowance (JSA) than London as a whole, and North and North East London having higher benefit recipient levels than South East London.

[1] *Working Paper 59, Low pay in London* by Jonathan Hoffman, February 2014, GLA Economics

Table 2.5 Working age population in receipt of benefits, 2008 and 2013, London sub-regions

	% of working age population					
	2008			2013		
	Any benefit	JSA	All out of work benefits	Any benefit	JSA	All out of work benefits
South East	13.6	2.5	11.9	13.4	3.5	11.2
South West	10.6	2.0	9.2	10.6	2.9	8.9
West	11.9	2.1	10.4	11.6	3.0	9.7
North East	15.8	3.3	13.8	14.4	4.2	12.1
North	14.2	2.6	12.6	13.3	3.3	11.4
Greater London	13.2	2.5	11.5	12.6	3.4	10.6

Source: DWP via NOMIS; JSA = Jobseekers Allowance

2.14 Finally, looking at earnings rather than incomes, the 2013 Annual Survey of Hours and Earnings (ASHE) indicates that South East London residents had average gross annual earnings almost identical to the London-wide average (£35,500). North and South West London had earnings levels above the London average and West and North East London earnings levels below the London average.

2.15 Drawing these sources together suggests that incomes in South East London fall in the middle of the distribution for sub-regions, with the South West and West sub-regions tending to have higher incomes and the North and North West having lower incomes.

Housing stock

2.16 Some 51% of households in South East London in 2001 were owner-occupiers or shared owners, though there are substantial variations between the authorities. After South West London (54%) this was the highest proportion of any of the five sub-regions. Owner-occupation rates in North and North East London were the lowest. South East London (along with North East London) also had the highest rate of social / affordable rented housing (29%), distinguishing the sub-region from South West and West London, where levels of social / affordable renting were much lower. South East London had by far the lowest proportion of private rented housing (20%), six points below the London-wide average (26%) and 11 points below North London.

Table 2.6 Tenure 2011, London sub-regions

	% of households		
	Owner occupier	Social / affordable rented sector	Private rented sector
South East	51	29	20
South West	54	21	26
West	49	22	28
North East	45	29	26
North	42	26	31
Greater London	48	25	26

Source: ONS, 2011 Census, Table KS402EW

2.17 In terms of dwelling type, compared to London as a whole South East London has relatively high proportions of semi-detached houses and terraced houses (and of houses generally), and hence fewer flats, especially flats converted from other dwellings or other buildings. There are considerable variations between the South East London boroughs

Table 2.7 Dwelling type 2011, London sub-regions

	% of households					
	Detached	Semi-detached	Terraced	Purpose built flat	Converted flat	Other
South East	7	22	24	36	9	1
South West	7	19	25	34	13	2
West	7	24	20	33	14	2
North East	5	17	29	40	8	2
North	5	13	18	43	18	2
Greater London	6	19	23	37	13	2

Source: ONS, 2011 Census, Table DC4407EW

2.18 In terms of dwelling occupancy, South East London has a lower than average level of overcrowding (9% compared to 11% for London as a whole), and a high rate of under-occupation, especially households with two or more bedrooms above the standard. The position is similar for the social / affordable rented and private rented sectors in isolation.

Table 2.8 Occupancy rates (bedroom standard) 2011, London sub-regions

	Occupancy rating (% of households)			
	+2 or more	+1	At standard	Overcrowded
All tenures				
South East	24	30	36	9
South West	25	30	37	9
West	21	28	39	12
North East	18	27	40	14
North	18	27	43	12
Greater London	21	28	39	11
Social / affordable rented sector				
South East	9	22	54	15
South West	8	20	56	15
West	6	18	58	18
North East	8	20	54	19
North	6	18	57	18
Greater London	8	20	56	17
Private rented sector				
South East	8	26	50	16
South West	8	25	53	14
West	8	22	51	19
North East	6	20	51	22
North	7	21	56	15
Greater London	7	23	52	18

Source: ONS, 2011 Census, Table LC4108EW

House prices

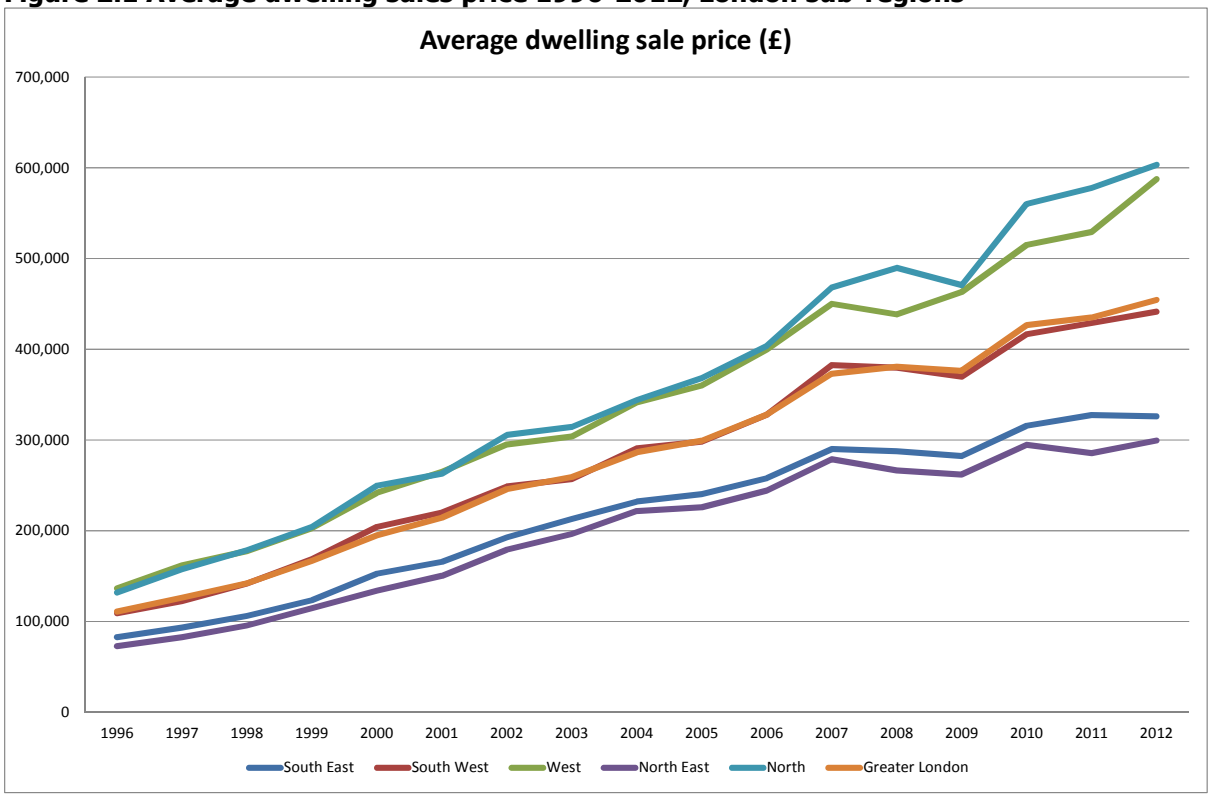
2.19 Figure 2.1 shows house prices by sub-region over the period from 1996-2012. The North and West London sub-regions have consistently had the highest average prices, with the South West London sub-region close to the London-wide average, and South and North East London having lower average values. By 2012, the average sale price in South East

London was only 72% of the London-wide average and 54% of the average for the highest-priced sub-region, North London.

2.20 Comparing average prices with earnings suggests that in 2012, South East London had the lowest price-earnings ratio (house prices were 9.2 times earnings) of all the London sub-regions, although this is still, of course, a very high absolute figure. The ratio in North East London (house prices 9.6 times earnings) was similar. South West London had a ratio of 11.3 earnings to price, and the London average was 12.8. In North London the ratio was 15.1 and in West London 17.9, almost twice the ratio for South East London

2.21 In 2012, South East London had the highest rate of sales in comparison to the size of the private sector stock (4%), compared to 3.5% for London as a whole. South West London had a slightly lower rate of sales (3.9%), whilst the other sub-regions had rates of around 3.1-3.2%..

Figure 2.1 Average dwelling sales price 1996-2012, London sub-regions



Source: CLG Live tables 100, 580, 581, 582, 583, 584; ONS, Annual Survey of hours and earnings 2012, Residence based

Conclusion: South East London in context

2.22 The five London housing partnership areas are made up of combinations of inner and outer boroughs grouped primarily on a sectoral basis. As a result, the differences between sub-regions are less prominent than those which would be evident from sub-regions made up of groups of exclusively inner or outer London boroughs. Nevertheless some significant differences are apparent between sub-regions. In demographic terms South East London is projected to show growth in the middle of the spectrum across London as a whole. A more significant demographic feature is the ageing of the population and especially of people aged 75 or more, which shows the highest rate of growth of any of the sub-regions in London. This is reflected in relatively high proportions of retired people, people in part-time employment, and a lower proportion of students than other sub-regions. Consistent

evidence on household incomes is difficult to obtain, but the data suggests that, along with North East London, the South East is one of the lowest-income sub-regions in London, with a higher level of dependency on out-of-work benefits. This feature probably relates to the relatively high level of social / affordable rented housing in the sub-region. Despite lower (by London standards) house prices, price to income ratios are still extremely high suggesting that affordability is likely to be a major issue

2.23 The pressures on the lower end of the market are also likely to be exacerbated by the reforms to the benefits system described in Chapter 1 particularly changes to the Local Housing Allowance, the under-occupation charge and the cap on benefits. These have disproportionately impacted on the affordability of accommodation for lower-income households in London, particularly Inner London. A report from London Councils last year noted that LHA reductions had not caused private sector rents to fall generally; and that Lower Quartile rents were increasing in most Inner London authorities (by 14% and 11% in Southwark and Lewisham respectively[2].) One of the South East London authorities – Lewisham – appears in the top 10% of authorities across England where households have been most severely negatively affected by the combined impact of welfare benefit changes[3].

2.24 Indeed, over the last year South East London (excluding Bromley) experienced an 11.7% increase in private sector rents, the highest rate in Greater London (Bromley's increase was 4.8%). Linked to this is the changing nature of 'affordable' housing provision, with most new homes and a proportion of relets now commanding rents of up to 80% of market rates. The roles of s106 contributions and of intermediate market rented and ownership models are constantly evolving within this new development environment. As regards the owner-occupier market, many commentators also believe that Help to Buy will further overheat the London house purchase market[4].

2.25 The following chapters provide a more detailed description of the housing market in South East London and the key issues arising.

Identifying a housing market area

2.26 Paragraph 159 of current National Planning Policy Guidance requires local authorities to draw up Strategic Housing Market Assessments (SHMAs). It further requires these to be based on *housing market areas*[5]. A housing market area (HMA) is defined as 'a geographical area determined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work'. The Guidance suggests that a variety of evidence should be examined to develop an understanding of housing market areas and the operation of the housing market locally, including:

- House prices and rates of change in house prices.
- Household migration and search patterns.
- Functional linkages as defined by travel to work areas and patterns, retail and school catchment areas.

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2 *Tracking welfare reform: the impact of Housing Benefit (LHA) reform in London*, London Councils, 2013
3 *The local impacts of welfare reform: An assessment of cumulative impacts and mitigations*, LGA/CESI, 2013
4 For example, Intermediary Mortgage Lenders Association Bulletin, Spring 2014
5 http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/scope-of-assessments/

2.27 A key concept in identifying a housing market area is that of 'self-containment' in terms of travel to work and the economy, or patterns of search and movement by households seeking housing (excluding those moving long distances as a result of a change of employment or for other reasons such as retirement or to move closer to friends or family). Nowhere is completely self-contained, so an important factor is the level of self-containment considered significant in determining a housing market area. There is no agreed threshold, and important differences in housing market boundaries arise when different thresholds of self-containment are used. National Planning Practice Guidance refers to 70% as a typical threshold for self-containment, though far lower proportions are acceptable in London.

2.28 This study was commissioned by the five London boroughs making up the South East London Housing Partnership and its prime focus is on the area which these boroughs cover. It is undertaken in the spirit of the duty to co-operate, as required under the Localism Act 2011. However, the factors determining the extent of HMAs are not necessarily constrained by administrative boundaries, especially in large conurbations such as London. As a first step in a Strategic Housing Market Assessment it is therefore essential to examine ways in which housing markets operate across the study area and whether the study area forms or lies within a single housing market area, or covers parts of several housing market areas.

Existing definitions of Housing Market Areas (HMA)

2.29 A considerable volume of research and analysis has been carried out to try to identify housing market areas across the UK and in London. A study for CLG by Jones et al (2010)[6] summarised previous findings and sought to put forward a classification of HMAs covering the whole of England. It included a concept of 'second tier' HMAs, defined by migration patterns with a lower (50%) threshold of self-containment than the 70% standard. Broadly, there were nine second tier areas within London.

2.30 This research illustrated the difficulty of defining HMAs both in general and especially in and around London with its complex pattern of internal linkages between boroughs or urban centres and external linkages with surrounding areas. For this reason official guidance indicates that local authorities should undertake their own analysis using the appropriate data sources to justify an appropriate HMA boundary.

Greater London SHMAs

2.31 The Greater London Authority has carried out a series of Strategic Housing Market Assessments, the latest published early in 2014, with a previous SHMA published in 2009. The 2014 report stresses London's global role in the world economy, and its links with the rest of the UK. It notes that aside from the administrative area of Greater London, there are a number of other possible wider definitions of London's boundaries. There is a high level of commuting into London, but areas around London's fringe account for a disproportionate share of this. The 2014 SHMA refers to the work of Jones et al (2010) but notes that they identified a range of alternative boundaries for a housing market area centred on London, with the boundaries identified being highly sensitive to the specific level of self-containment used. The 2014 SHMA does not define a specific HMA boundary covering or including London. Effectively it examines the whole of Greater London but takes account of wider linkages and accepts that its findings relate to the strategic level, with a need for more detailed analysis by individual boroughs or borough partnerships.

[6] *Geography of Housing Market Areas Final Report,* Colin Jones, Mike Coombes and Cecilia Wong, Department for Communities and Local Government (2010)

2010 South East London SHMA

2.32 A Strategic Housing Market Assessment for the South East London boroughs and the South East London Housing Partnership was published in 2010[7]. This study examined migration and travel work patterns and house prices across South East London in detail as specified in official guidance. On the basis of this, the SHMA concluded (page 25) that 'it is possible to argue that Lewisham, Bexley, Bromley, Greenwich and Southwark form a coherent London sub-region as a whole. As a combined sub-region, the five authorities have sufficiently different characteristics to allow them to provide housing for households as their characteristics change. This means that households could potentially meet all their housing requirements without having to look outside the sub-region'. This report will now review the evidence used in previous work to see if this conclusion is still justified.

Commuting patterns

2.33 The Office of National Statistics has identified travel to work areas (TTWAs) across the UK derived from 2001 Census data. The current criteria for defining TTWAs is that generally at least 75% of an area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area. In larger urban areas a threshold of 66% or more self-containment is accepted. This resulted in a single travel to work area covering the whole of London and some surrounding areas in order to achieve this level of self-containment. This data is now 13 years old and as levels of commuting have tended to increase over time, this threshold is now likely to be out of date. Although much of the data from the 2011 Census has been published, at the time of writing detailed data on travel to work patterns is not available. The most up to date data on travel to work is derived from a regular national survey, the Annual Population Survey (APS). Results are published showing travel between local authority areas including individual London Boroughs, but as this is a sample survey, its results are subject to a margin of error. To reduce the potential error, APS data for 2010 and 2011 has been combined and averaged. In practice the picture revealed by each year's data separately was very similar, giving confidence in the results.

2.34 Not surprisingly given the concentrations of employment within each borough in South East London, the presence of central London close by, the generally good transport links to a wide range of other boroughs, and the presence of further employment opportunities in areas outside London to the South East, all of the South East London boroughs have complex patterns of inward and outward commuting (Table 2.9). Levels of self-containment are much lower than for Greater London as a whole. In 2010-11, the Annual Population Survey estimated that about 379,000 people commuted into South East London from other areas. Of these, 56% were from other London boroughs, leaving 44% who commuted from outside London, with a predominance of commuting from areas to the south and east in Kent and Surrey. However, some 329,000 people living in South East London commuted out of the area, resulting in net outward commuting of only about 50,000 people. In contrast to the pattern of inward commuting, 86% of the outward commuters from South East London travelled to other parts of London, especially (but not exclusively) to Central London.

2.35 Some 305,000 people living in the area remained within it for employment, so the level of self-containment was 45%, well below the 75% level referred to as representing reasonable self-containment, and below that identified in the 2010 SHMA from 2001 Census data (68%). There is a margin of error associated with this estimate but it is also likely to

[7] *South East London Strategic Housing Market Assessment 2009: Main report of study findings*, SELHP/ ORS (2010)

arise from the increasing tendency since 2001 for people to travel for greater distances to work.

2.36 Levels of self-containment in employment terms tend to increase with size of area, but in South East London, all of the boroughs except Southwark have a higher rate of self-containment, 59% in Bexley, 55% in Bromley, 53% in Lewisham and 47% in Greenwich. This is because of the extremely low self-containment rate (13%)in Southwark (see Table 2.9). This table shows the proportions of the population that commute to and from the South East London boroughs, and areas outside.

2.37 Southwark has more in common in commuting terms with the other Central London boroughs, receiving a much larger number of commuters (340,000) than people who live and work in the borough (51,000). Bexley has its strongest links with Greenwich and Bromley and relatively few commuters to the rest of London. Greenwich follows broadly the same pattern as Bexley, within a lower overall level of self-containment. Lewisham has relatively strong commuting links with all the other South East London authorities, and a notably small proportion of people commuting to areas outside London.

2.38 Bromley has relatively weaker linkages to the other South East London boroughs in commuting terms, but Southwark is the most distinctive in commuting profile. It has its strongest internal link to Lewisham, but many more people commute to other areas in London, or to areas outside London. Given its role as a Central London employment location, Southwark clearly represents an exceptional case but does have linkages with the other South East London boroughs.

2.39 As noted, for London a self-containment threshold lower than the national threshold is acceptable, given the high general level of commuting movement. This would support the previous SHMA, which concluded that South East London could be treated as a coherent sub-region, but also suggests that the SHMA must take into account linkages with other areas.

Table 2.9 South East London commuting patterns 2010/11 combined: proportions of working age population commuting to and from South East London boroughs and beyond

					From				
To	Bexley	Bromley	Greenwich	Lewisham	Southwark	Rest of London	Outside London	Total	% com-muting in
Bexley	58.9	4.7	7.7	1.7	0.4	3.2	23.5	100.0	41.1
Bromley	2.9	55.4	2.7	2.3	0.9	21.4	14.5	100	44.6
Greenwich	14.7	4.6	47.1	8.5	2.7	7.3	15.1	100	52.9
Lewisham	5.4	7.8	9.0	52.8	6.4	7.7	11.0	100	47.2
Southwark	1.9	1.9	2.6	3.6	13.1	46.6	30.2	100	53.4
					To				
From	Bexley	Bromley	Greenwich	Lewisham	Southwark	Rest of London	Outside London	Total	% commuting out
Bexley	38.6	2.4	10.6	3.0	7.0	24.9	13.6	100.0	61.4
Bromley	2.2	32.6	2.4	3.0	5.0	45.5	9.3	100.0	67.4
Greenwich	5.1	2.2	34.3	5.0	9.7	37.5	6.2	100.0	65.7
Lewisham	0.9	1.6	5.1	23.9	11.1	51.0	6.4	100.0	76.1
Southwark	0.2	0.5	1.4	2.5	35.3	56.9	3.2	100.0	64.8
Working and living within area*	40,867	48,802	36,033	30,600	51,374				
Working within the area*	69,407	88,114	76,562	57,980	391,018				
Self-containment (%)*	59	55	47	53	13				

Source: ONS Annual Population Survey 2010, 2011 *Average of 2010 and 2011

Migration within London and England

2.40 Data on migration flows between local authorities is published annually by ONS drawing on NHS data related to general practitioner (GP) registration. This is the main source of data on migration within the UK between Censuses of Population. The assumptions underlying this source are that people moving between local authority areas will change their GP and re-register; adjustments are made for groups such as younger people who might delay or omit reregistration. It is also assumed that many people moving within a borough/local authority area will not need to re-register as they will not change their GP, but the proportion of movers who this applies to is unknown so the data source excludes moves within local authority areas. As a result, levels of self-containment in migration patterns cannot be determined from this source.

2.41 While in broad terms a long-term migratory pattern of movement into inner parts of London, and then flow to outer parts and beyond is apparent, at a more local level patterns are complex. Table 2.10 shows a matrix of migration patterns for each borough in South East London based on average movement levels over the 2009-2012 period. For Bexley, 52% of in-migrants come from other South East London Boroughs, but only 27% of out migrants move elsewhere in South East London. The main destinations for Bexley out migrants are outside London (63% of the total), with Dartford, Sevenoaks and Medway making up three of the five main destinations (Table 2.11). Only 16% of in-migrants come from elsewhere in London. This process of migration flows from inner areas to the suburbs

and areas beyond London is long established and referred to as the migration *cascade*. Map 2.2 displays these gross flows graphically.

2.42 Bromley is similar, with 59% of out-migrants leaving London. Croydon and Sevenoaks are major destinations for out-migrants, along with Lewisham, Bexley and Greenwich within South East London. Bromley also receives more in-migrants from the rest of South East London than out-migrants to it (33% compared to 18%), but the majority of in-migrants come from outside South East London, notably Croydon and Lambeth.

2.43 Greenwich and Lewisham have relatively similar migration profiles to one another, with moves to and from the rest of South East London roughly in balance, and representing about one third of all movements in/out. For both boroughs, the main origins and destinations for movement are within South East London. For Greenwich, the main source of migrants from elsewhere in London is Lambeth, and the main destination outside South East London is Dartford. For Lewisham, Lambeth and Croydon are significant sources and destinations. Hence Greenwich and Lewisham also demonstrate the cascade pattern, but to a lesser extent. It is notable that Lambeth has links with all the South East London boroughs except Bexley.

2.44 Southwark has a different pattern of migration links to the other South East London Boroughs. As the most Central London borough in the sub-region, it is unsurprising that it takes in-migrants from a wider London geography than the rest of the sub-region, with only 13% of in-migrants to Southwark coming from elsewhere in the sub-region. Almost 50% of both in-migrants and out-migrants come from or move to other parts of London – especially Lambeth, Wandsworth, Tower Hamlets and Westminster. Nonetheless, nearly a quarter of out-migrants move to the rest of the sub-region, suggesting there is still a strong sub-regional alignment.

2.45 So the pattern which emerges in terms of overall migration linkages is of moves to areas outside London as being of significance in all the boroughs except Southwark, and moves into South East London being sourced mainly from the sub-region or elsewhere in London. Bexley, Greenwich and Lewisham have the strongest internal linkages within South East London, with Southwark and to a lesser extent Bromley having weaker linkages. This provides a similar conclusion to that which emerges from commuting patterns. It is not possible to comment on the extent of self-containment of South East London or of the individual boroughs in terms of migration, but there is a substantial case for considering South East London as a sub-regional grouping, as long as additional linkages with other areas are also recognised.

Table 2.10 Net internal migration within England, 2009-12

To	From Bexley	Bromley	Greenwich	Lewisham	Southwark	South East London	Rest of London	Outside London	Total	% from within South East London
Bexley		590	3,230	780	530	5,130	1,650	3,530	9,900	52
Bromley	600		910	2,470	920	4,900	4,930	5,450	14,700	33
Greenwich	1,700	570		2,120	1,150	5,540	4,820	5,720	15,700	35
Lewisham	310	1,170	1,750		3,300	6,530	6,880	6,110	19,100	34
Southwark	180	380	530	2,050		3,140	11,550	8,570	23,500	13
South East London	2,790	2,710	6,420	7,420	5,900	25,240	29,830	29,380	82,900	
Rest of London	1,140	3,380	3,830	6,270	11,990	26,610				
Outside London	6,580	8,690	7,560	7,850	8,390	39,070				
Total	10,510	14,780	17,810	21,540	26,280	90,920				
% moves to other SEL Boroughs	27	14	18	31	20					

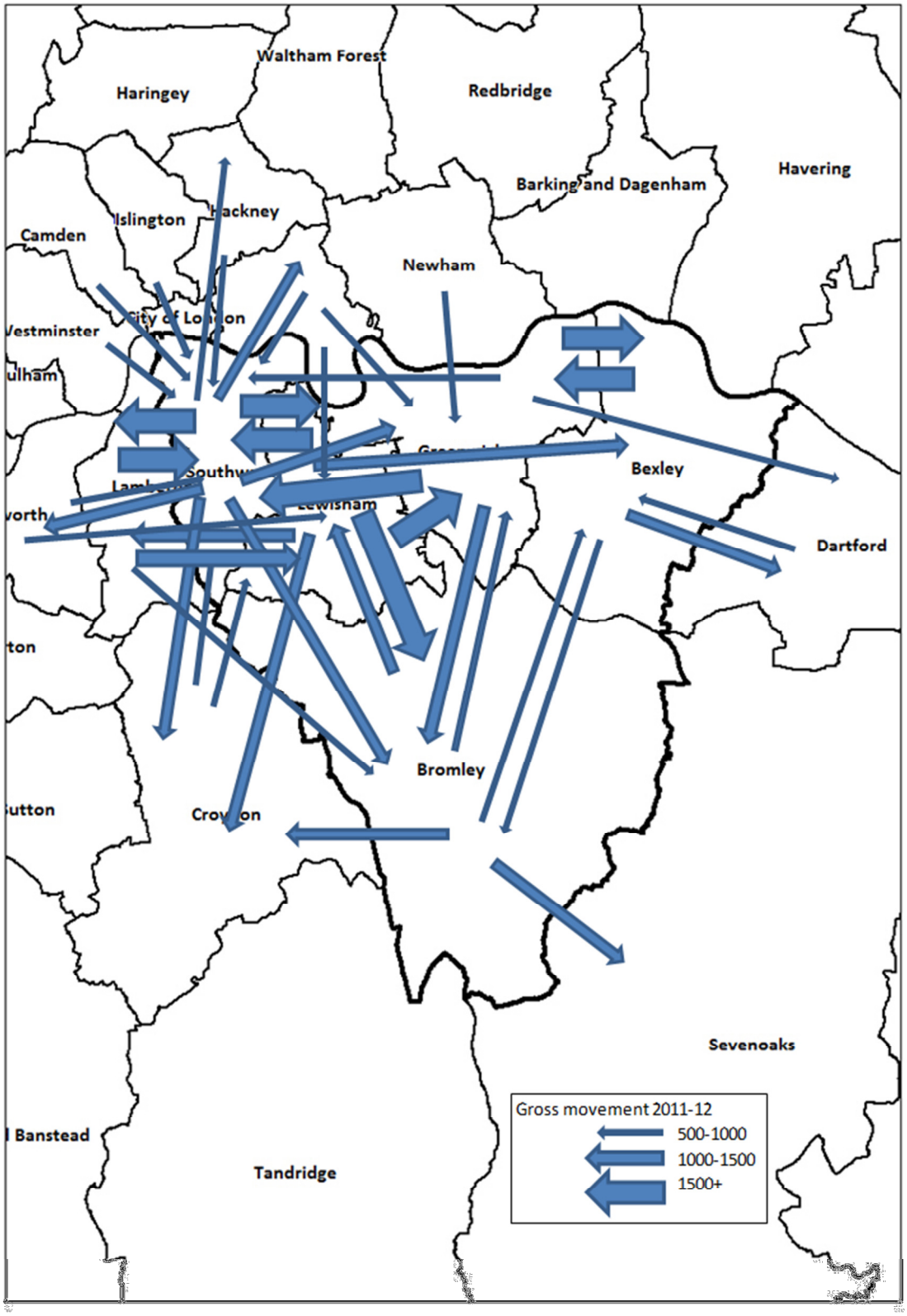
Source: ONS Annual Population Survey 2010, 2011 *Average of 2010 and 2011

Table 2.11 Main migration linkages

Top 5 outward destinations	**Bexley**	**Bromley**	**Greenwich**	**Lewisham**	**Southwark**
	Greenwich	Croydon	**Bexley**	**Bromley**	**Lewisham**
	Dartford	**Lewisham**	**Lewisham**	**Greenwich**	Lambeth
	Bromley	Sevenoaks	**Bromley**	**Southwark**	**Greenwich**
	Sevenoaks	**Bexley**	**Southwark**	Lambeth	Wandsworth
	Medway UA	**Greenwich**	Dartford	Croydon	**Bromley**
Top 5 inward origins	**Greenwich**	**Lewisham**	**Lewisham**	**Southwark**	Lambeth
	Lewisham	Croydon	**Bexley**	**Greenwich**	**Lewisham**
	Dartford	**Southwark**	**Southwark**	Lambeth	Wandsworth
	Bromley	**Greenwich**	Lambeth	**Bromley**	Tower Hamlets
	Southwark	Lambeth	**Bromley**	Croydon	Westminster

Source: ONS Annual Population Survey 2010, 2011 *Average of 2010 and 2011

Map 2.2 Inter-London migration flows



Source: Cobweb analysis of ONS Annual Population Survey 2010, 2011 *Average of 2010 and 2011

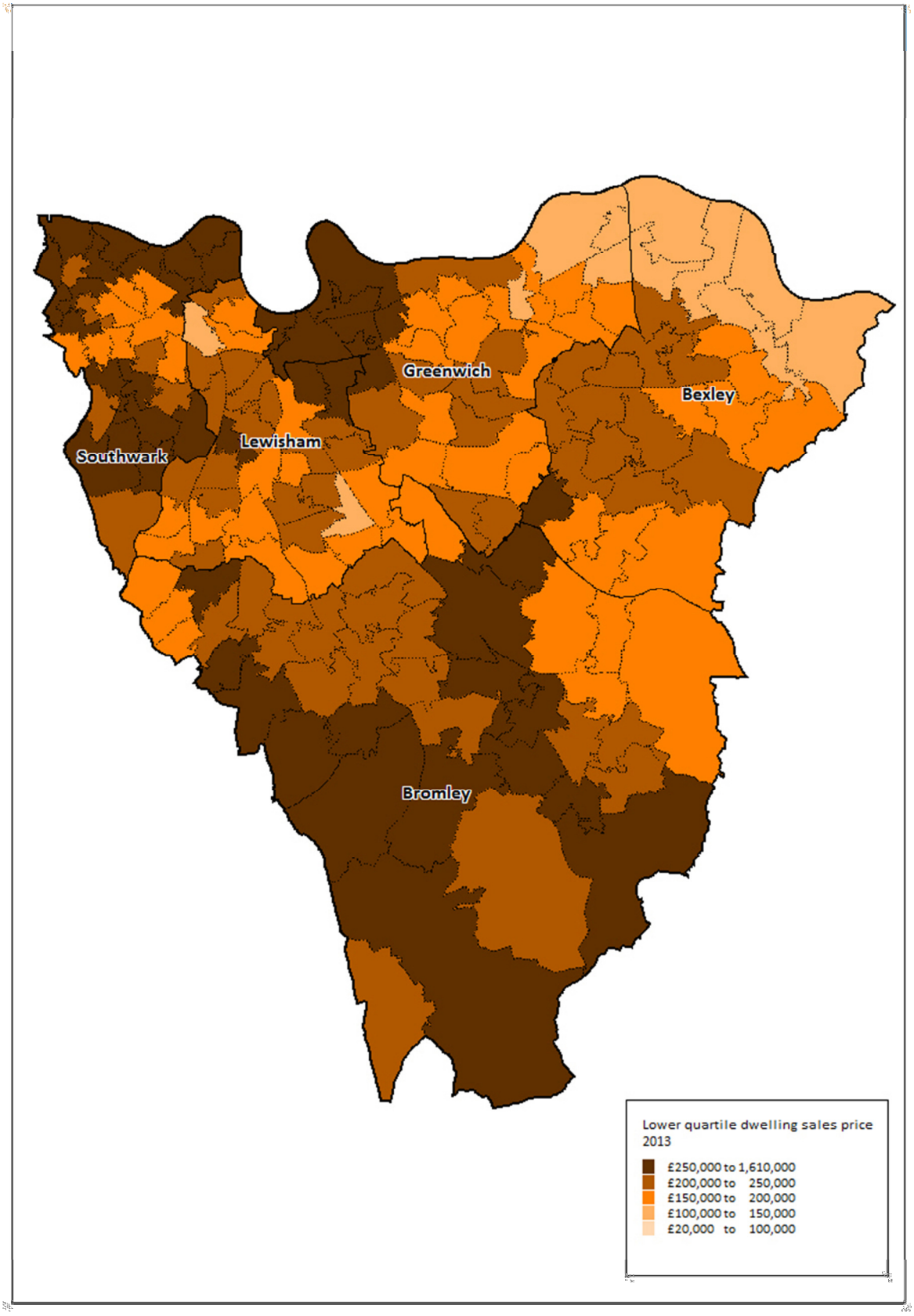
House prices, private rents and the housing market

2.46 The National Planning Policy Guidance also indicates that the pattern of house prices also provides evidence on housing market area linkages. As a housing market area is relatively self-contained in terms of migration and travel to work, there should be a reasonable degree of variety in the housing offer as indicated by price levels. In the case of London, the best comparison is with prices across the capital, as a comparison with prices nationally would give a misleading picture. It is also important to look at prices at a reasonably fine grain, as borough-wide averages conceal rather than reveal patterns of local variation. We have mapped 2013 price paid data from the Land Registry at Middle Super Output Area (MSOA) level. There are 168 MSOAs in South East London, each containing on average just over 3,000 dwellings.

2.47 Table 2.12 shows that average prices across South East London are below the London average, even in the highest value boroughs, Southwark and Bromley. Relative to the South East London average the boroughs are reasonably spread, with Southwark and Bexley about 30 percentage points above and below the average respectively and Greenwich close to the average. At MSOA level, South East London is under-represented in terms of areas with high mean values relative to London as a whole and over-represented in terms of areas with low mean values (72% of the London-wide average), but there is a wide spread of mean values across the spectrum. This suggests that the area as a whole provides a wide variety of dwellings by value. Maps 2.3 and 2.4 below show the distribution of prices by MSOA across the sub-region for both lower quartile and median price thresholds. As the previous SHMA found, house prices in parts of Southwark (Bankside and Dulwich), Greenwich (West Greenwich/Blackheath) and Bromley were typically higher than those in Lewisham, Bexley and large areas of Greenwich.

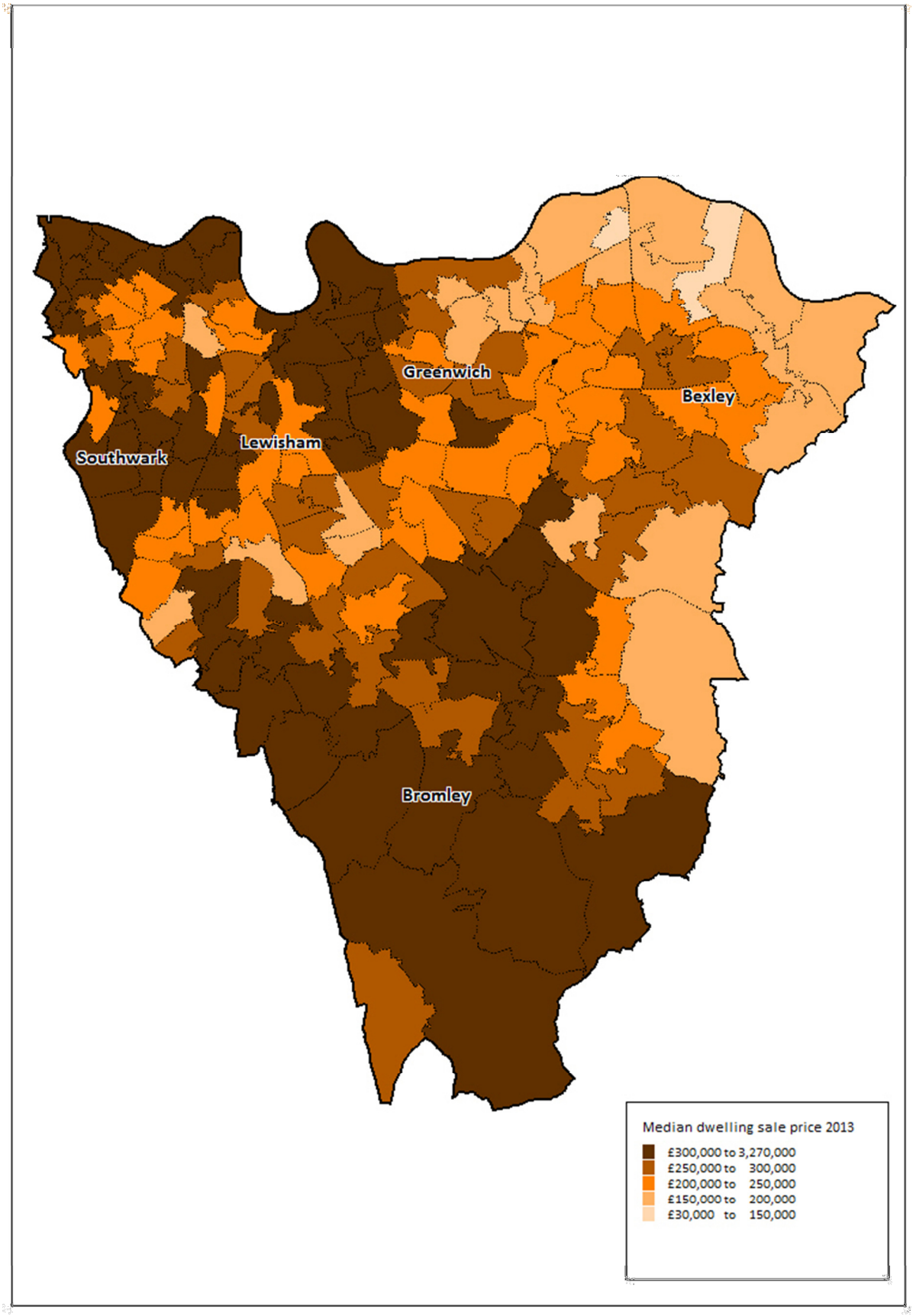
2.48 As regards private sector rents, the fact that the sub-region is covered by two distinct Broad Rental Market Area (BRMA) designations by the Valuation Office Agency is an indicator of variety of accommodation size, type and quality within the private rented sector. Rents range from 24% higher than the sub-regional average (Southwark) to 35% below the sub-regional average (Bexley).

Map 2.3 Lower quartile dwelling sale prices 2013



Source: Land Registry price paid data

Map 2.4 Median dwelling sale prices 2013



Source: Land Registry price paid data

Table 2.12 South East London market profile

	2013 prices			% MSOAs with mean price relative to London mean price					
	Mean price	Ratio to London mean price	Ratio to SEL mean price	Up to 50%	50%-75%	75%-100%	100%-125%	125%-150%	150% or more
Bexley	236,457	0.50	0.70	48	52	0	0	0	0
Bromley	355,012	0.75	1.05	11	47	28	11	3	0
Greenwich	327,140	0.69	0.97	44	41	7	7	0	0
Lewisham	305,855	0.65	0.90	21	61	18	0	0	0
Southwark	440,483	0.93	1.30	9	34	38	9	3	6
SE London	338,547	0.72	1.00	25	47	19	6	1	1
London	473,282	1.00	1.40						

Source: Land Registry price paid data

Conclusion: South East London Housing Market Area

2.49 In 2010 the previous SHMA for South East London concluded that South East London represented a coherent sub-region which was treated as a housing market area in the assessment which followed. Patterns of migration and travel to work in London are complex, as the analysis in this chapter has shown. The thresholds for self-containment recommended in official guidance are not appropriate in a London context, because of the variety of economic and employment foci, the complex transport networks, and the extent to which people from outside London commute (often long distances) to employment in the capital.

2.50 This suggests that lower thresholds of self-containment are more appropriate in a London context. Given the established linkages between the South East London boroughs, this analysis supports the finding of the previous SHMA that South East London forms a coherent sub-region which provides a sound basis for a housing market assessment, provided that the assessment also recognises the main linkages between boroughs and local authorities outside London and takes these into account. The long-standing process of outward migration from inner to outer London and to areas beyond is also important to recognise, along with the commuting patterns which it has generated.

2.51 In practical terms, this means that the assessment which follows needs to provide a profile of both the sub-region and its constituent boroughs, together with the linkages between them, in order to develop the necessary understanding of housing requirements and the ways in which they may be met. It also highlights the importance of partnership between the boroughs and the development of good linkages with adjacent areas of London and the south east.

2.52 This area contains five local planning authorities, so the SHMA will also provide an assessment of overall housing requirements and housing needs for each planning authority. This is to enable compliance with the requirement within the NPPF (para 47) on planning authorities to ensure that their Local Plan meets full, objectively assessed needs for housing, and to identify and update annually a supply of deliverable sites sufficient to provide five years' worth of housing against their housing requirements.