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\begin{abstract}
This practice review examines some of the early evidence, and reporting, of housing market change in England prompted by the Covid-19 pandemic. Taking a transect from central London, through surrounding near-urban areas, to the countryside beyond, it looks at the possibility and implications of more dispersed housing market choices and what sorts of challenges these may present to local planning practice. The pandemic has the potential to accelerate multiple home ownership (MHO), widening current inequalities in the distribution of housing wealth and bringing new demand pressures to near urban and rural locations.
\end{abstract}

In the 20 months to July 2021, almost 200 million people worldwide contracted Covid-19, more than 4 million died, and the entire planet felt the effects of lockdowns and restrictions on personal freedoms. Economies and individual livelihoods have been decimated and any return to normality, even as vaccination rates rise and infection rates eventually fall across Europe and North America, appears years away. How people live their lives, at least in the medium term, is likely to be transformed. Much has been written on changing travel patterns and on the new tendency, for those fortunate enough not to have lost their jobs, to work from home (De Vos, 2020; Reuschke & Felstead, 2020). There has also been a huge amount of attention lavished on what it all means for cities in general (see example Florida et al., 2020), and for how people spend their time and money – how they will work, shop and socialise (Echegaray, 2021).

Housing choices have been another important aspect of the post-Covid-19 discourse (Nanda et al., 2021; Salama, 2020). What sort of housing do people want, mid and post pandemic, and where do they want it? And what will the shift in consumption choices mean for different places, different housing markets, and for different groups? These questions are being asked around the world, having been prompted by episodes of urban flight during the various national lockdowns and by early evidence of a seismic shift in lifestyle, mobility and housing choices in developed countries. In this review, we focus on some of these housing-related questions, briefly thinking through the implications of the pandemic on housing choices and outcomes, and on local planning, in the case of England. Our particular interest is with outcomes arising from the decentralisation of London’s housing market. Whilst the exact
same outcomes may not be repeated in the catchments and hinterlands of other large urban centres, counter-urbanising forces appear evident in much global media reporting on the pandemic, suggesting that at least some of the observations in this review will be generalisable to other settings.

In relation to housing choices, two important change drivers are at play. The first is the shift in market fundamentals, rooted in economic activity levels, access to mortgage credit, and therefore the effective demand for housing in the short to medium term (Cheshire & Hilber, 2020). How might shifts in prices and price trajectories affect established patterns of inter-generational and spatial inequality in housing space and wealth? The second is the new utility of housing, linking to what people (who can still exercise choice) want and what this will mean both in terms of the sort of housing that people buy or rent and where demand will be expressed (Nanda et al., 2021). Beyond these drivers, it is possible to think about the potential repatterning of choices and the changing geography of the housing market, and then about implications for different places and different groups.

England’s housing market does not centre on London, but London is a source of significant market activity (the same is true in other global cities, which share similar relationships with their regional hinterlands), and choices made in the capital (especially movements of accumulated equity out of the city) tend to have knock-on or ripple effects beyond the London boroughs (Meen, 1999). For that reason, we will look briefly at London, near urban areas surrounding the capital, and the more distant countryside beyond. The goal is to track and examine the decentralisation and dispersion of housing demand now being reported in England, linking that dispersion to planning questions.

1. Change Drivers – Market Fundamentals

The housing market has delivered gross inequalities, in terms of housing access, in recent years. Asset prices have outpaced workplace earnings, and housing access has been shaped by a combination of supply blockages, preferential access to loan credit (for existing owners) and investment consumption (Breach, 2019; Ryan-Collins, 2019; Gallent, 2019). Households with ordinary incomes have found it difficult to secure the deposits needed to access homeownership (Halifax, 2021, p. 1). This has had a number of effects: for example, first-time buyers are now 7 years older, on average, than they were 20 years ago; the proportion of multiple home owners (MHO) in the market has soared (Bangham, 2019; see also Kadi et al., 2020); and the overall rate of homeownership in England, at just over 63%, is 7 percentage points lower than its 2003 peak.

The expectation that the pandemic might trigger ‘market correction’, causing price inflation to slow and thereby aiding housing access, is an over optimistic one. Prices fell after the 2009 Global Financial Crisis (GFC), but those falls were accompanied by reduced rates of economic activity and stagnant earnings. Prices also recovered at a faster rate than earnings as the recovery in the construction sector failed to keep pace with investment demand for housing – and this resulted in further stretching of affordability ratios relative to workplace earnings. House prices might have plateaued during the first waves of the pandemic in 2020 if government had not intervened, with ‘stamp duty’ holiday (stamp duty being a transaction tax on property purchases in England), to scaffold prices and protect the market (as a means of shoring up consumer confidence, given that rebounding demand for goods and services is expected to play a key part in
post-pandemic recovery). As it was, they rose by 5.2% in the year to February 2021 (Halifax, 2021). That movement in prices may well continue into late 2021 depending on the success of the vaccination roll-out (and the extent to which vaccines weaken or break the link with hospitalisations) and its implications for the wider economy. But once stamp duty rates are fully restored, might prices face a cliff edge?

Market analysts have been divided on this point, as they were during the 2009 GFC. Some expect a meaningful fall. Others believe that they will continue to rise, albeit at a subdued rate (Collinson & Kolleye, 2020). The background reason for ‘cautious optimism’ (amongst groups, from existing homeowners, through real estate agents, to government, that view house price inflation as good inflation) is that whilst unemployment is rising (and may jump markedly when the national furlough scheme comes to an end (Brewer et al., 2020) or because of ongoing and, as yet, unseen economic fallout), prices uncoupled from employment rates (and from earnings) some years ago, especially in London. They are now underpinned by the investment appeal of housing relative to other assets and by the preferential access to loan credit enjoyed by existing property owners – who can leverage the collateral of existing homes to grow investment portfolios.

Pandemic aside, the UK’s decision to leave the European Union in 2016 may shorten the queue of buyers looking for housing in parts of England, but that outcome is uncertain. Non-domiciled European buyers are not a key source of investment in the housing market, which is dominated by permanent residents (UK/EU) and by overseas investors from beyond Europe (Hamnett & Reades, 2019; Wallace et al., 2017). The latter group will not have been directly affected by Brexit, although the inconvenience of travel restrictions during Covid-19 may have a more general, worldwide, effect on patterns of property consumption, at least by individual investors who enjoy visiting their foreign property. But in terms of the domestic market impact, reduced access to overseas markets could concentrate demand within England – as households with properties abroad start thinking about ‘re-shoring’ their portfolios. This could mean, for example, that people looking for second homes choose to buy in the UK rather than in Europe (Knight Frank, 2021).

The conclusion, in relation to market fundamentals, is not to expect any significant correction of the housing market. Things may be quieter in the short to medium term (once the effects of the stamp duty holiday have worn off), but it seems certain that governments will continue to do all they can to stimulate activity and keep prices on an upward track – given the centrality of housing to consumer confidence and the UK’s financial and non-financial service sectors. This reality, combined with falling economic activity rates and stagnating earnings, as the productive economy struggles to get back onto its feet, will be bad news for many working households (Cheshire & Hilber, 2020), especially those whose livelihoods have been worst affected by the pandemic – potentially strengthening the case for greater government support for a mix of non-market housing options in the years ahead. However, the early signs are that the current Conservative government remains committed to market supports, including helping first-time buyers secure bigger loan advances, and planning deregulations that allow office and commercial spaces to be turned into relatively cheap homes, for sale or rent (Madeddu & Clifford, 2021).
2. Change Drivers – Utility Choice

The very big change driver, and the one that has received most attention in the media and in early research reports, is the reality of shifting utility choice. During the pandemic, people’s everyday existence has centred on the home. It has become the focus of work and leisure – a first, second and third space all rolled into one. Numerous reports have contrasted the misery of people stuck in small flats, with no private outdoor space, with the good fortune of those living in suburban homes with large gardens and even garages (Carmona et al, 2020; Judge & Rahman, 2020). Gardens are now exercise and entertaining venues; and garages offer the potential for conversion to home offices. Housing inequalities have been brought into sharp relief by the pandemic, impacting on people’s expectations of what a ‘home’ needs to be – and its required utility.

Many questions emanate from this utility issue: what sorts of quality and utility benchmarks will be needed to guide new house building or to police the conversion of commercial buildings to residential use? This is one of the most controversial planning issues in England at the current time, with government pressing ahead with plans to extend ‘permitted development rights’ as part of a broader deregulation of the planning system, despite the concerns expressed by many UK lawmakers (House of Commons, 2021). More broadly, what will shifting utility choice mean for inner-city markets and for urban densification objectives? What will it mean for suburban areas, for intensification plans, and for attempts to squeeze more homes onto smaller footprints? And what will it mean for near urban housing markets, including areas of green belt constraint, and more distant rural locations? In short, if the queue of buyers looking for flats in urban areas shortens but more people are seeking ‘family homes’ in suburban locations, where does that leave the core planning orthodoxies of urban intensification and rural/greenbelt constraint?

Planning can of course continue to pursue those objectives but shifting consumer choice, by those who can exercise it, may produce very different market geographies, ultimately presenting urban and rural areas with different sets of challenges. And at the same time, low-quality conversions given impetus by planning deregulation, and which offer limited utility choice, look set to proliferate. It is the combination of these two things – the exercise of new market choices by households less affected by the pandemic, and the push to convert unwanted retail and office spaces to residential use for those who may have been most affected – that has the propensity to widen housing wealth and space inequalities in England. We return to this issue at the end of this review.

But the aim now is to ‘spatialise’ these drivers and examine what they may mean for a non-exhaustive selection of different places. We noted above that London is an important focal point for housing market activity in England. Recent media reporting has flagged a decentralisation of demand away from central London, as households seek additional space and as their home and working lives are transformed by the pandemic. In the sections that follow, we track (3) the apparent urban to suburban shift, generating a ‘London doughnut’ effect as demand tilts towards suburban family homes and away from urban flats; (4) decentralisation of demand to ‘near urban locations’ with good connectivity back to central London; and (5) changing patterns of demand in the more distant ‘countryside beyond’ the London green belt, which appears attractive to households able to embark on more fundamental lifestyle shifts, disconnecting themselves to a greater extent from London or other urban centres.
3. The London Doughnut

A transect through ‘London and beyond’, starting in central London (represented here by ‘Zone 1’ – the first of six concentric travel zones), is perhaps a useful way to think about market change and some of its planning implications. The central London/Zone 1 housing market largely comprises flats of varying types and values (of the 96,600 property transactions in this central zone during the last 7 years, 86,500 – nearly 90% – involved flats (HM Registry via Rightmove)). There is a high-end status-driven investment market in which buyers are afforded a range of on-site luxuries (Atkinson et al., 2016). That market will most likely continue to serve investment objectives, being coooned in its own bubble and serving international elites, although if prices stagnate across central London the high-end market will not be immune. Within the more ‘normal’ housing markets – comprising flats with a London average price tag – the queue of buyers may shorten if fewer people need to work centrally every day and the likely investment returns from rentals appear more modest.

There are, however, some likely counterforces to this trend. The recent relocation of flat owners (and renters) from central London, in search of more space during lockdown, is responsible for a rental supply glut that could increase the affordability and attraction of living in the central zone. Also, the return of students (most of whom were taught online during 2020/21) and AirBnB clients (who have been unable to travel) will undoubtedly trigger some recovery of London’s rental market. Their recent absence, alongside relocation decisions by other renters and by owners, has caused a slump in the rental market that may be relatively short-lived.

Yet whilst students and visitors help sustain the market, it is working patterns – and the associated afterwork life of the city – that drive the desire to live centrally, trading space for convenience (and the expectation of investment return). It is already clear that different employment sectors will adopt a range of new norms. Some will insist that workers go back to pre-pandemic normality – the CEO of Goldman Sachs has called home working an ‘aberration’ (BBC News, 2021). But others are displaying a willingness to rethink working patterns and change contracts accordingly. Employers are busy canvassing their workers on how they expect to balance home and office working in the future. Some are motivated to downsize their commercial estates in central locations. Others, including universities, are thinking about different patterns of space use and the promotion of more flexible working patterns. Many of London’s city-campus universities saw a surge in international student applications and enrolments in 2020/21 (although many studied remotely). Whilst the apparent resilience of the student market has implications for how the big London universities – including UCL, Imperial, the LSE and King’s – configure their own space, it also suggests that demand for housing in central locations will retain this lifeline. Buy to Let investors, hit by tax relief changes in April 2020, well still be able to look to the student market as a future source of income – alongside platform-based short-term rentals.

Although adjustments to working patterns may impact on the buzz of central London, it does not follow that there will be any ‘hollowing out’ of the central zone (i.e. higher rates of vacancy or reduced interest in development). The likely pattern of change will be more subtle, with stronger uplift in prices way from the centre. In the year ending March 2021, sold prices for all Zone 1 property were down 6% on the previous year.
Sold prices for flats were down 14% (HM Land Registry via Rightmove). Over the longer term, a significant investment market will remain – especially for high-end central London houses, which increased their value in the year to March 2021 – but utility choice for ordinary buyers has refocused on the London suburbs beyond Zone 2 (the inner urban ring surrounding the central area). House prices in this part of the market have maintained momentum, as buyers look for homes with the potential for adaptation. The price of a semi-detached family home in outer London (or, more specifically, travel Zone 3 – the first concentric ring dominated by single-family homes), rose by 10% on the previous year.

For the past few years, there has been significant interest in suburban intensification – building more flats, especially around transport hubs, contributing perhaps to the realisation of ‘20-minute neighbourhoods’ (Emery & Thrift, 2021): what densification around those hubs may actually look like, post pandemic, will need reimagining. Typologies may shift, possibly with fewer medium-rise flats and more courtyard-style housing that affords privacy and a degree of adaptability. Some politicians and planning commentators have been criticised for the claim that working from home will be universal, and that public transport demand will fall significantly. There are a great many jobs that cannot be undertaken remotely and so the demand for accessible and affordable homes, well-connected to central locations by good transport, will remain.

But increased demand for existing suburban homes, with gardens, garages, off-street parking, and the potential for loft conversions, is also likely. This part of the market – occupying swathes of London beyond Zone 2 – is variegated in terms of accessibility (especially by overground trains and underground), neighbourhood quality, and prices. Some of the most desirable suburbs have seen prices climb throughout the pandemic, driven up by a combination of government supports and decentralisation away from central London, of both buyers and renters. Expensive locations retain their appeal, but price rises are now creeping into adjoining areas. The flight to houses, and away from flats, is having a ‘demand doughnut’ effect across the London market – with that market tilting in favour of family homes and away from smaller flats. That of course means that adaptable space – often comprising family homes – is becoming less affordable. For households who expect their work-life balances to substantially change, and remain changed into the foreseeable future, the case for borrowing heavily (at a time of great economic uncertainty) to secure expensive suburban homes is not a strong one. Many are looking further afield, seeking homes beyond London’s borders.

4. Near Urban Markets

Estate agents have been reporting increased interest in larger family homes located in London’s neighbouring counties (Hamptons, 2020). Whilst London’s house prices rose by 3.5% in the year to December 2020, the South East and the East of England saw rises of 6.1% and 7%, respectively (ONS, 2021). There are indications that households are accelerating their plans to leave the capital or at least acquire homes in relatively accessible countryside, given changing work expectations (ONS, 2021). This may not always mean that London homes – including central zone flats, see above – are being sold, but rather that the trend towards multiple property ownership is continuing – and being accelerated by the pandemic. Some London households are retaining homes in the...
capital but also buying adaptable property in metropolitan towns and villages (Hamptons, 2020) or in accessible coastal locations (Compare the Market, 2020). This trend, combined with changing market fundamentals (and increasing levels of unemployment, disproportionately affecting the young) is likely to exacerbate housing access and wealth inequalities in the years ahead.

Houses located in greenbelt towns and villages are particularly attractive: there is increasing competition for homes – or land on which to build new homes – in these constrained markets, with new buyers perhaps hoping that greenbelt restriction will protect their amenity and their investment (London Post, 2020). Indeed, pandemic pressures combined with the existing shortage of ‘family’ homes in London may give new impetus to past calls to loosen restrictions on development in parts of the Metropolitan Green Belt, linking future development to either new transport hubs or existing ones with latent capacity. The case for green belt reform, set out by Cheshire and Buyuklieva (2019), is predicated on the view that households’ desire to consume more space, as incomes and wealth increases, is artificially constrained by this urban containment tool. It prevents households from meeting their own space needs and from sharing in the country’s housing wealth. It is a source of housing wealth inequality (Breach, 2019), and it is these arguments that may gain traction as market pressures in London’s outer rings grow.

But even without such reform, the effect of changed working patterns and new utility choices is likely, in the short-term, to result in increased demand for family homes in London’s neighbouring countries. This demand will be fuelled by adventitious purchasers able to draw on higher London salaries, release equity from the sale of London homes, or borrow against the value of retained London property. A more dispersed ‘London-connected market’ will generate not only house price pressures but also new demands on schools, transport and other services. First time buyers already struggle in these ‘near urban’ markets. Recent analysis has shown that a deposit of at least £130k is required to buy a home in Greater London, nearly £65k in the South East, and more than £51k in East Anglia. The proportion of first-time buyers in these markets fell by 6%, 11% and 11%, respectively, in 2020 compared with the previous year (Halifax, 2021). It is notable that the falls outside of London were nearly twice those observed in the capital. The stamp duty holiday has kept the market moving, incentivising lifestyle investments, and supporting a rate of house-price inflation that often negates the ‘savings’ delivered by reduced tax liability. In the longer term, and if there is a substantially different approach to planning in London’s green belt, then we may see new patterns of development, mixing denser transport-oriented schemes with lower density family homes. The case for a different approach is arguably stronger now than it was a couple of years ago, especially if developments are well sited and planned, and contribute good quality ‘zero carbon’ housing.

But for the time being, the near urban housing market is being reshaped by basic market dynamics: by households, often existing homeowners, uncertain as to their future working patterns, but anticipating some potential for lifestyle changes. This is splitting the market between London and the accessible countryside – one foot in the capital, and another in a green belt village, with access to open countryside and the sort of amenity denied to households during lockdown.
5. The Countryside Beyond

The changing shape of the market further afield, in less accessible areas of countryside beyond London’s immediate influence – including important rural amenity areas, such as national parks – is rooted in more definite lifestyle changes. Those amenity areas already had well-established second home markets (Gallent et al., 2005). There is a prospect now of three big changes. The first is an intensification of demand for ‘traditional’ second homes (Knight Frank, 2021); the second is the conversion of some existing second homes to first-home use (as their owners ‘flip’ to living away from London – see Zoğal et al., 2020, for an insight into this phenomenon overseas); and the third is permanent life-style relocation of decentralising households (including earlier-than-planned retirement). Data from the ONS (2021) show that the South West saw the fastest house price rises in 2020 (10.2%) of any part of southern England (and an almost 13% drop in participation amongst first-time buyers compared with 2019 – Halifax, 2021). Slightly faster rates were recorded in parts of the north of England, albeit from a lower base. There is a broad expectation of more intensive demand for family homes in rural amenity areas (see Peachey, 2020), which will challenge existing planning orthodoxy (i.e. strict limits on housebuilding) and likely bring new market exclusions as those with the deepest pockets secure homes at the expense of those most affected by the pandemic.

These housing market pressures will have significant repercussions for life in rural places, starting with the social reconfiguration of communities and the potential overloading of services in some locations. In the longer term, rural authorities (many of which believe they have reached environmental capacity for new housing) will need to rethink patterns of housing supply, whether they continue with plans to expand key service centres (including market towns) – and abandon villages to the gentrification caused by this new wave of counter-urbanisation – or look to ‘smear growth’ more evenly across settlement hierarchies, ensuring that more villages are able to expand. The challenge, here and elsewhere, is that private market choices are being reshaped by the experience and prospect of living with Covid-19. Lifestyles have been changed and lives disrupted. People have been rethinking the future, how they might live and the options available to them. And all this has been happening in a housing market shaped by the unequal capacities of different housing classes and driven, in part, by government’s supports for house prices. Those supports, and new demand patterns, could drive an expansion of housebuilding in London and beyond. But the challenge, going forward, is to ensure that increasing housing supply serves not only new lifestyle demands, expressed by existing homeowners, but also delivers affordability and expands access to good quality housing.

6. Conclusions

Three big shifts have been highlighted in this review: first, the transformation of housing choices in cities as utility, adaptability and private space trumps central locations; second, the greater dispersion of urban markets, underpinned by new patterns of lifestyle and consumption by more affluent urban households; and finally, intensified and new demands on housing in rural amenity areas. These three shifts have the potential to intensify housing inequalities in England. Each one is underpinned by additional adventitious purchasing by existing homeowners, consolidating the expansion of multiple home ownership and the concentration of housing wealth in fewer hands – affluent households consuming more space in London,
buying weekend retreats in the accessible countryside, or seeking new lifestyles and/or second homes further afield. For rural areas – at the edge of this new decentralised housing market – the implications could be very significant. Perhaps recent market pressures will persist, and we are at the beginning of a sustained counter-urbanisation wave, with more people choosing to live in villages. That will mean extra pressures on housing resources which may amplify existing patterns of gentrification unless means are found to support existing residents into market and non-market housing. Alternatively, the pressure may abate. But by that point – perhaps when memories of lockdown are less vivid in people’s minds – there will have been many more purchases of rural property. Buyers may return to urban or suburban lives but retain newly acquired properties for second home use. It seems likely that pressures on the rural housing stock, especially in amenity areas, will grow in some form and present a challenge of either increasing service pressure (if more people decentralise their lives) or decreasing service use (if more people have second homes).

In order to achieve government’s ambition of ‘building back better’, the planning system will need to concern itself not only with shifting market choice but also with the capacities of different groups to meet their own needs through existing market processes, which have delivered uneven benefits and embedded inequalities during recent decades.

Housing outcomes during the pandemic – the ease with which some households have adapted to new circumstances compared with the difficulties faced by others – have underscored the need to offer a more ‘mixed economy’ of housing choices in England. Council-led housebuilding, the programmes of registered providers, and the work of community land trusts, all have parts to play in that mixed economy, with its propensity to support different tenure options and provide good quality homes at affordable rents. More broadly, the planning system will need to work with the shifting grain of the housing market, and with the new working patterns and lifestyle changes highlighted in this review. It is the function of planning to facilitate the delivery of homes and infrastructure in light of changing needs, and also help diversify households’ housing options through the use of planning agreements and policies that give advantage to non-profit providers in the land market (by limiting development to that which serves local needs where necessary), ensuring the communities retain a degree of balance. The planning system needs teeth if it is to achieve these goals. On the other hand, further deregulation of the system – to permit a lengthening list of commercial to residential conversions – does not contribute to planning’s broader public purpose. When subject to local oversight, able to detect and mitigate potentially deleterious impacts, changes in use have a role in supporting high streets and delivering the homes that are needed. But deregulation through permitted development that seeks only to achieve numerical supply targets, at a time when utility and locational choices are shifting, is laden with risk, particularly the risks of not delivering the homes people need and accentuating already entrenched inequalities.

**Disclosure Statement**

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