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12 JUN 2002

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BUSINESS
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Welsh Economic Review

Volume 14.1 Spring 2002

Produced in association with



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ISSN 0965-2450

The *Welsh Economic Review* is produced twice yearly, by the Welsh Economy Research Unit (WERU) at Cardiff Business School. The aim of the *Review* is to provide an authoritative and objective analysis of the Welsh economy in a manner that promotes understanding and informs decision-making. The 'core' section of the *Review* is written by members of WERU, with feature articles contributed by academics or practitioners within or outside Wales. The *Review* is circulated widely within Wales, to both private and public sector organisations, including the education sector and the National Assembly.

Notes for Contributors

Authors should send papers for potential publication in the *Welsh Economic Review* to the Editor at the address given below, preferably via e-mail in a Word for Windows format. Papers are welcome on any topic that would be of general interest to the readership, and should be written in a style suitable for non-specialist readers. Papers should be approximately 3,000-4,000 words and any graphs or figures should be accompanied by the underlying data to allow reproduction.

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Property Markets

House Prices

According to the latest quarterly Halifax House Price Index which contains information for the fourth quarter of 2001, annual house price inflation for the UK (all buyers) was 11.7%, having increased by 2.6% in the fourth quarter following a 3.0% rise in the third quarter. Figure 3 plots the house price index for UK and Wales, showing the return of the UK to annual inflation rates that were typical throughout 1999 after an easement over four successive quarters. Meanwhile, house prices in Wales fell 0.6% in 2001Q4.

seem that housing shortages in the City are continuing to condition the market and that a spill-over effect can now be observed in other areas. Growth in the South West housing market may not be altogether coincidental as the region remains a popular location for Londoners seeking a second home. Such is the influence of second home seekers on house prices in this region, that moves are in hand to change council taxation to redress perceived inequalities between permanent residents and those holiday home owners whose houses are vacant for much of the year. Plans for new housing

Annual growth rates were lowest in Scotland, Northern Ireland, West Midlands and Wales at 5.2%, 6.5%, 6.9% and 7.4%, while the North, Yorkshire and Humberside and the East Midlands were slightly stronger at 11.6%, 12.1%, 12.2%, while homeowners in Scotland and Wales actually saw the price of their property drop by -0.8% and -0.6% respectively in the final quarter of 2001. A line across the United Kingdom from the Severn estuary in the west to the Wash in the east marks a persistent and deepening divide in housing markets.

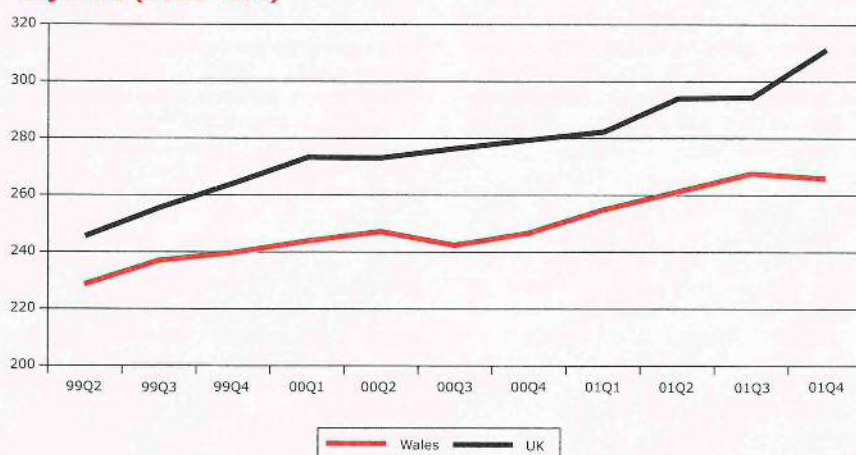
Table 11 shows prices of average semi-detached houses around Wales. Cardiff and South Glamorgan led the ranking, while West Glamorgan had the lowest average house prices, just below Dyfed.

Construction News

In March, an initial test drilling took place at the University Hospital of Wales in Cardiff, on the site of the proposed new Children's Hospital for Wales. Construction work is expected to begin next year to build Wales' first dedicated children's facility. £4m has been raised so far towards a total requirement of £21m. Formal tenders have not yet been evaluated but the contract is expected to be awarded in December 2002.

The building of a new £48m Kiln at the Castle Cement plant near Mold, in Flintshire has been given the go-ahead after a detailed Assembly enquiry. The investment is expected to safeguard over 200 jobs. The construction phase will take two years and employ around 500 people.

Figure 3: House Prices Index. All Houses – All Buyers Seasonally Adjusted (1983=100)



Source: HBOS House Price Index

More recent reports in the media observe UK house prices being more than a sixth higher in February 2002 than a year earlier. The Halifax were quoted as saying that the 16.5% price rise was the strongest annual rate in 12 years. The Nationwide reported that prices rose 1.6% between January and February 2002, and 14% over 12 months to the end of February. Gary Styles, the Head of Group Economics for the Halifax, commented that an anticipated downturn in the housing market, precipitated by events in September 2001, had been shorter than expected. However, he observed that poor supply of housing for sale was also contributing to the current levels of house price inflation (BBC News, March 7, 2002).

The Halifax Fourth Quarter Report also revealed that the strongest growth in the housing market occurred in East Anglia, Greater London and the South West, where annual house price inflations of 19.8%, 17.1% and 16.2% respectively, were recorded. It would

in Devon have also become heavily weighted towards the 'affordable' end of the market.

Table 11: Average semi-detached house prices in Wales – fourth Quarter 2001

Post-town/Old County	Average House Price - £
Cardiff	115,600
Newport (Gwent)	70,200
Swansea	56,150
Wrexham	64,050
Clwyd	61,600
Dyfed	54,650
Gwent	66,150
Gwynedd	70,050,
Mid-Glamorgan	63,000
South Glamorgan	110,400
West Glamorgan	52,250

Source: HBOS House Price Index

Construction is under way on a new wetlands reserve in Cardiff Bay, estimated to cost £500,000. The first phase will be completed by Horan Construction Ltd by the end of March, although the Reserve will take over a decade to establish. The construction of the Reserve involves a new 1.5m deep, 500 acre reservoir and a 300m walkway starting from St David's Hotel and Spa to connect to a boardwalk, which will be constructed by Marton Civil Engineering.

Building work has also started on the £104m Cardiff Bay Centre for excellence

for the arts; a building which will also house the Welsh national opera as well as dance company Diversions and Academi. The venue will take an estimated 30 months to construct.

The first phase of a £100m project to build a 42 acre high technology park, Celtic Spirings, on the outskirts of Newport commenced in January. Vanbots, a Bridgend-based Canadian construction company responsible for the project, are also contracted to undertake the £15m extension and refurbishment project at Ford, Bridgend.

Plans have been proposed by Macob Projects Ltd to build a new £50m office complex alongside the M4 at Coryton to be called Greenmeadow Springs. The proposed business park at Tongwynlais, which will provide 250,000 sq ft of office space could give rise to over 10,000 jobs, but at the same time might compound existing road congestion in the area.