

# Assessing housing demand in Chester

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Savills Residential Research & Consultancy

Final Research Report for Muse

May 2025

## Report Contents and Purpose

The purpose of this report is to provide Muse as part of their partnership with Pension Insurance Corporation and Homes England, with an overview of the residential market in Chester and assess the potential demand for a discount market rent (DMR) scheme at Chester City Gateway.

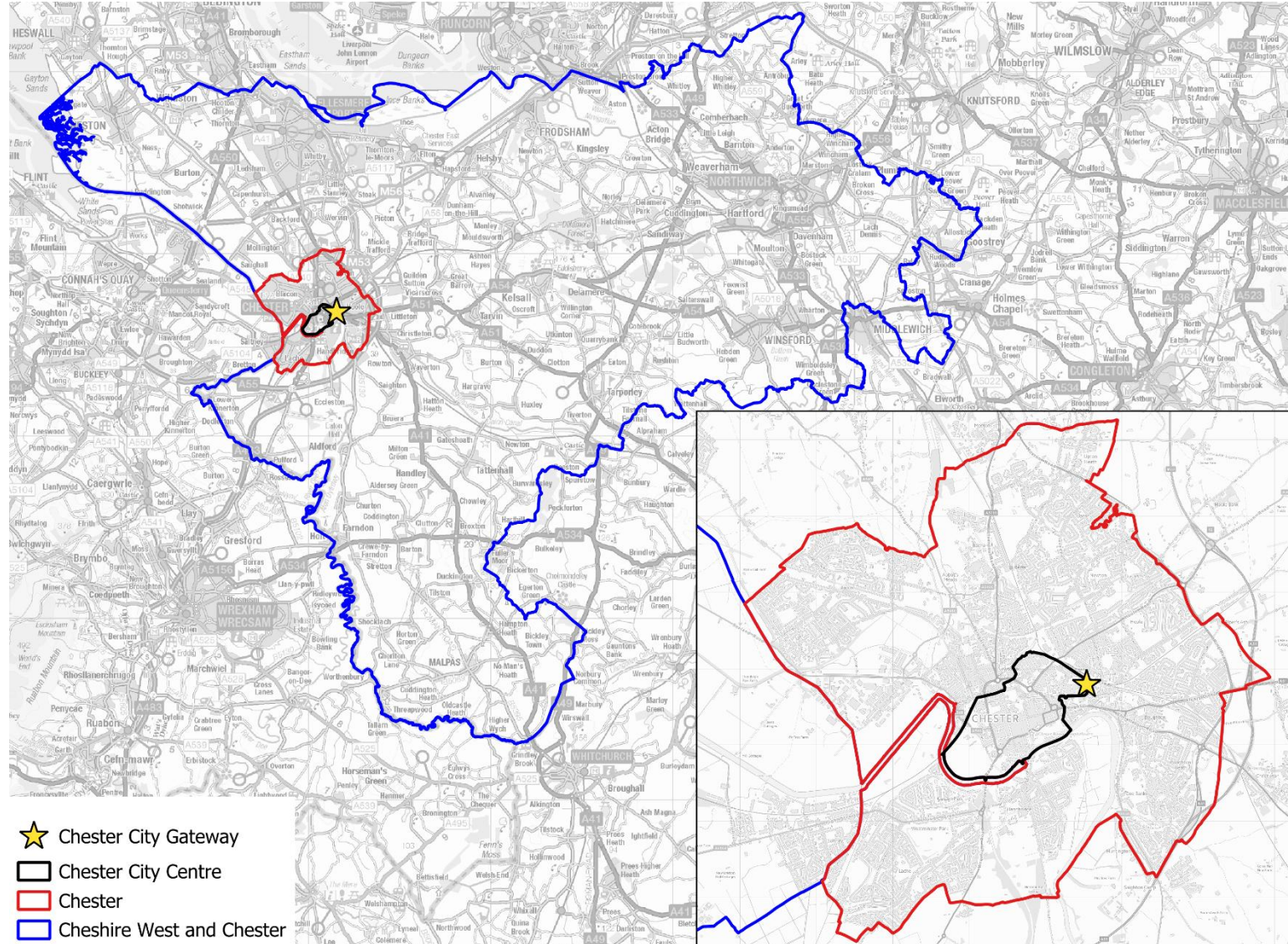


<b>Report Contents and Purpose</b>	<b>02</b>
<b>Site Location</b>	<b>03</b>
<b>Executive Summary</b>	<b>04</b>
<b>1. Local Housing Market</b>	<b>05</b>
<b>2. Local Rental Market</b>	<b>10</b>
<b>3. Need for Affordable Housing</b>	<b>18</b>
<b>4. Conclusions</b>	<b>23</b>
<b>Appendix</b>	<b>25</b>
<b>Important Note</b>	<b>27</b>

# Site Location

The map shows the location of the Chester City Gateway site in the context of the local market. For the purposes of analysis throughout this report, we have defined the following areas:

- **Chester City Centre (black)** – The centre of Chester, comprised of the postcode sectors CH1 1, CH1 2, and CH1 3. The Muse site sits on the very edge of this area
- **Chester (red)** – The city of Chester roughly banded by the A41 to the west, encompassing the suburbs including Lache, Blacon, Hool, Handbridge, and Upton.
- **Cheshire West and Chester (blue)** - The local authority Chester sits in which will provide the highest level analysis.



# Executive summary

## Local housing market

Overall, households living in Chester city centre are typically younger than the wider local market and smaller, with single person households comprising 58% of households. The most prominent demographic group in the city centre is 'Rental Hubs', young professionals living in privately rented homes. Median household incomes in the city centre are also higher than the wider local market and the regional average. Over the next 10 years, the professional scientific and technology and administrative and support sectors are forecast to see the strongest employment growth. This all points to demand for a rental product in the city centre at Chester City Gateway.

## Local rental market

The main challenge in the local rental market is the lack of available stock, particularly for smaller properties. Chester city centre has seen a -30% reduction in rental listings compared to 2018-19, leading to increased competition for rental stock. The strongest demand in the local market is for 1-bed flats, which are letting 70% faster than in 2018-19. The lack of stock has also fuelled rental growth, which is now outpacing both the wider region and national averages. Nonetheless, although the Chester rental market remains reasonably affordable for median households who can afford 79% of listings in the 12 months to April 2025, it is significantly less affordable for lower quartile households at 31%, particularly for larger properties.

## Need for affordable housing

Looking ahead, we estimate that c.650 affordable homes are required each year to meet affordable housing need in Cheshire West and Chester. This is based on meeting the needs of

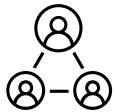
emerging households excluded from the local housing market and maintaining the current provision of affordable housing in the local market. To meet need, a 40% uplift in affordable housing delivery will be required in Cheshire West and Chester, highlighting the ongoing requirement for higher volumes of affordable housing delivery.

## Areas for further exploration

This report provides an overview of the local housing market in Chester. As part of a separate research scope, we could drill down into the following areas to help Muse better understand the profile of demand for a discount market rent (DMR) scheme at Chester City Gateway:

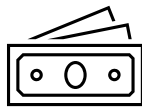
- Profiling PRS households and in particular single-person households to understand their income profile;
- Testing affordability of PRS households and single-person households in the context of estimated rental values at Chester City Gateway;
- Profiling current PRS stock in the local market to understand what's currently being provided in the local market;
- Analysis of comparable new build case studies to understand what other schemes are providing in similar locations to Chester.

## Key statistics



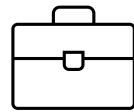
### Rental Hubs

Dominant household type in Chester City Centre, defined as young professionals renting privately in urban neighbourhoods



**£52,110**

Median household income, Chester City Centre



**8%**

Forecast employment growth in Cheshire West and Chester. Strongest growth forecast in professional, scientific and tech, administrative and support sectors (2025-35)



**6.7%**

Annual rental growth (Cheshire West and Chester, ahead of the regional and national averages (Year to February 2025)



**1 bed flats**

Let the fastest in Chester City Centre and Chester (12 months to April 2025)



**40%**

Uplift in affordable housing delivery required to meet need (Cheshire West and Chester, 2024)

1

# Local Housing Market

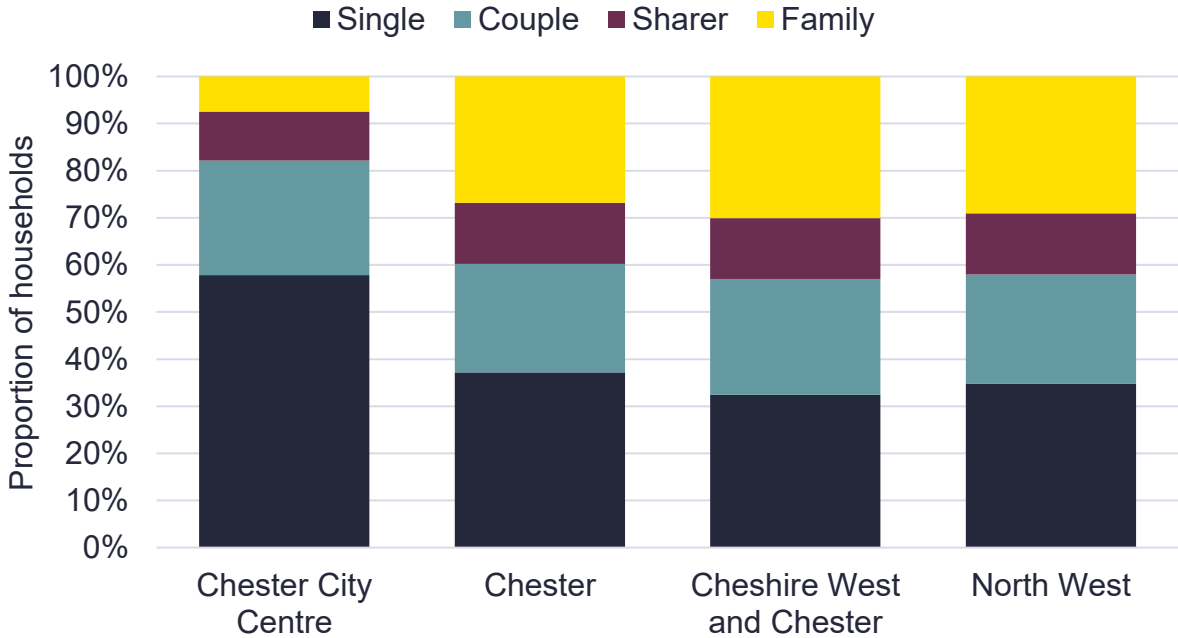
# Households in Chester city centre are typically younger and smaller than surrounding areas.

Chester city centre has a younger demographic than the rest of Chester or the wider region, with a median age of 46 compared to 53 in Chester as a whole and 56 in the local authority.

In Chester city centre, 20% of households are under 30, compared to 9% in the wider city, indicating a strong demand from younger people to be in the urban centre of Chester.

Chester city centre has a significantly different distribution of household composition than its surrounding regions. It is dominated by smaller households, reflecting the available housing stock. The majority (58%) of households are comprised of single people, with a further 24% comprised of couples. Just 7% of households are families.

By comparison, families make up a much larger proportion of households in Chester (27%) and Cheshire West (30%), suggesting a better provision of family housing in these markets.



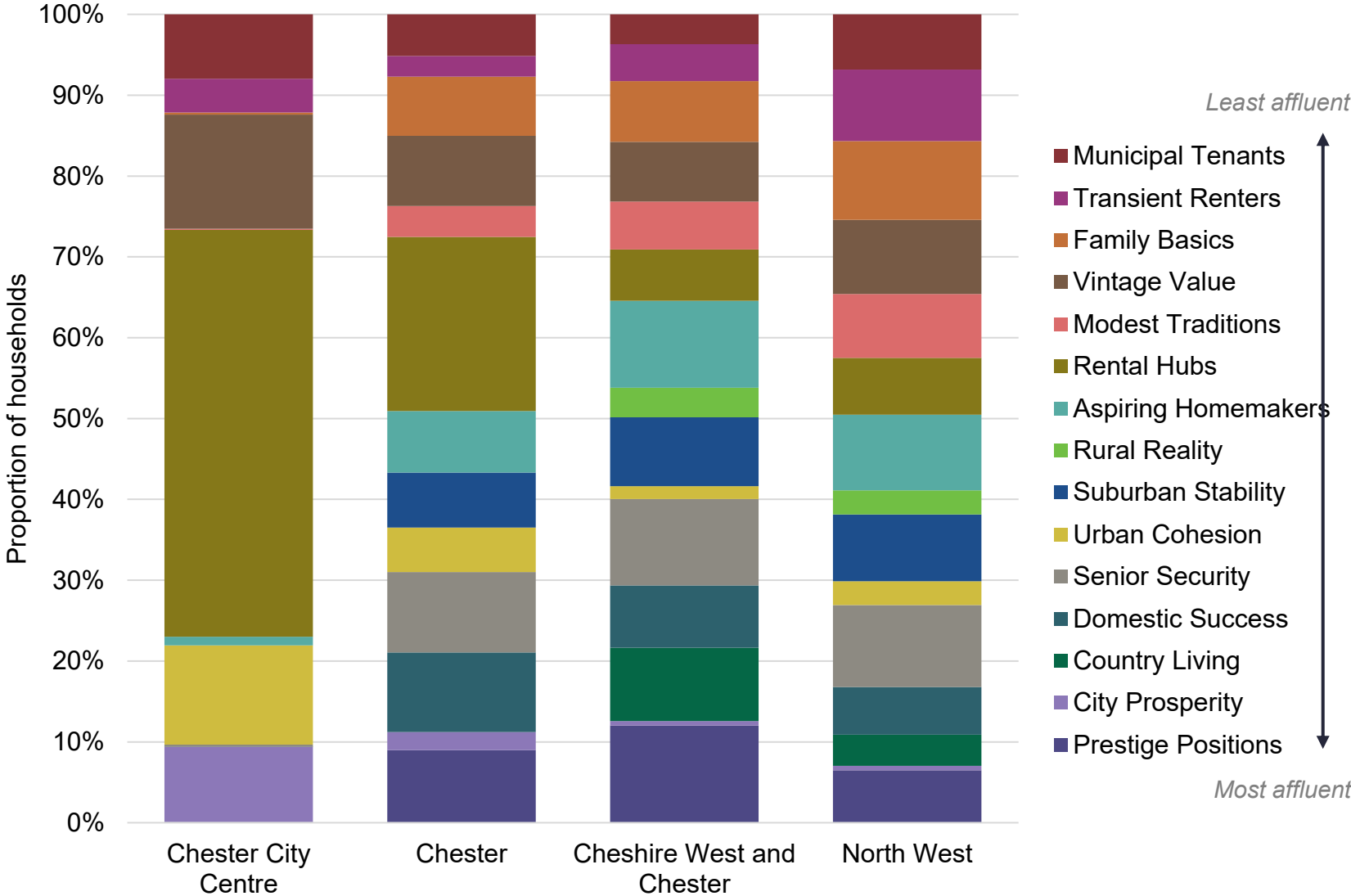
# The most prominent demographic group in Chester and the city centre are young professionals, living in privately rented homes.

In the city centre, the most prominent group at 50% of households is Rental Hubs. These households are defined “educated young people privately renting in urban neighbourhoods”.

Additionally, the city centre has a high proportion of Vintage Value households (14%), older households living in lower cost housing, and Urban Cohesion households (12%). The latter group indicates communities with a strong sense of local identity.

In the wider market area of Chester, there is a more diverse demographic mix of households, with a mix of ages, household composition, and affluence. The most prominent group in Chester is also Rental Hubs, although at a lower proportion (16%) than the city centre.

There are also significant proportions of more affluent, established households, namely Senior Security, those who are enjoying a comfortable retirement, and Domestic Success, families bringing up children and pursuing careers.

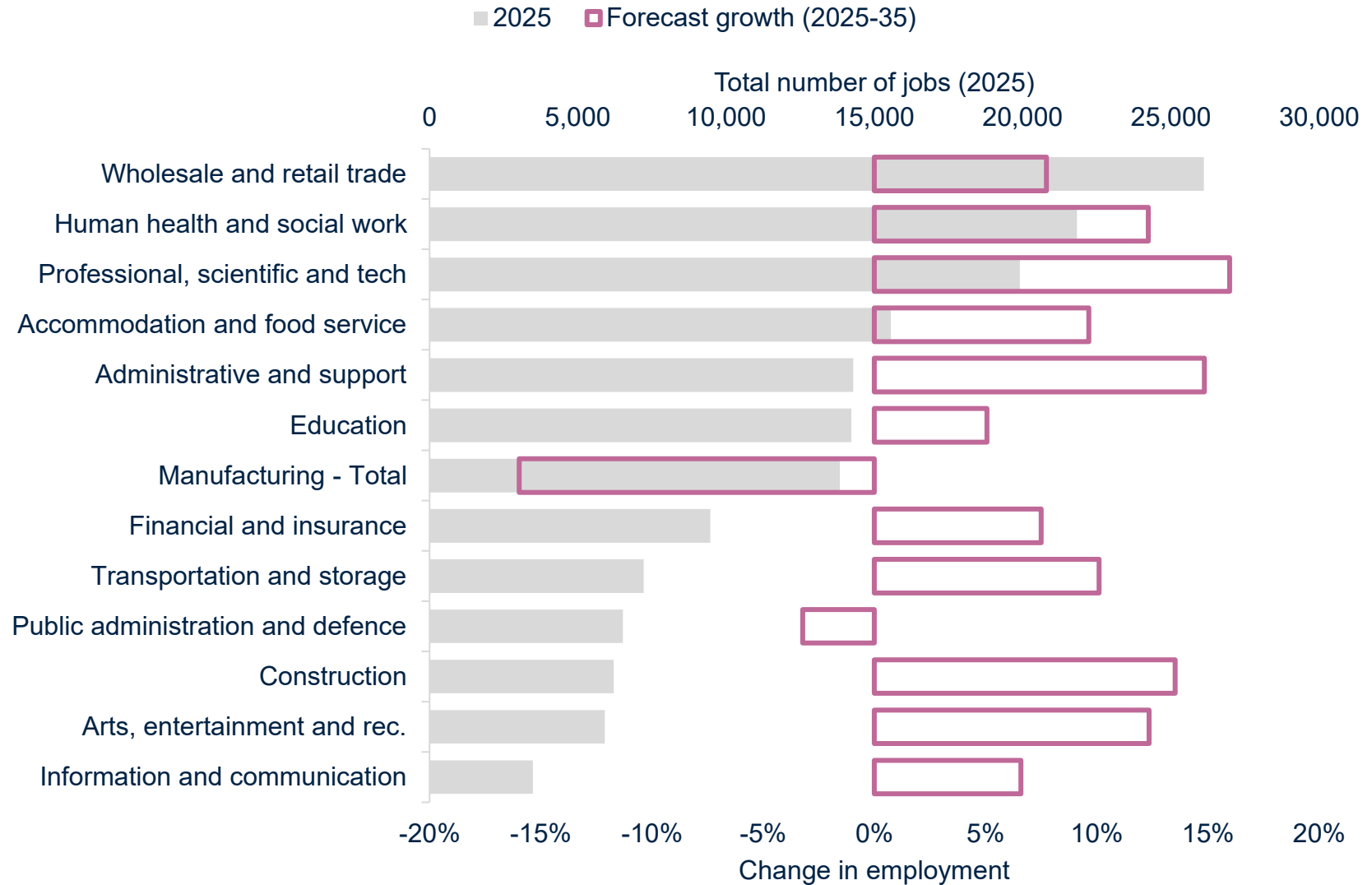


# Strongest employment growth forecast in the professional scientific and technology and administrative and support sectors.

The largest job sectors in Cheshire West and Chester as of 2025 are wholesale and retail trade and human health and social work. These sectors account for 15% and 12% of total jobs in the local authority. These sectors are forecast to see modest growth over the next decade.

The sectors forecast to see the strongest growth: professional, scientific and tech jobs and administrative and support expected to grow by 16% and 15% respectively by 2035.

This aligns with the major employers currently based in Chester. There are multiple business parks around the city which support offices for financial and business support companies and suppliers for industry and health. Cheshire West and Chester Council are also a major employer, as are local health and social services like Chester and District Housing Trust and the Countess of Chester NHS Foundation.



2

**Local Rental Market**

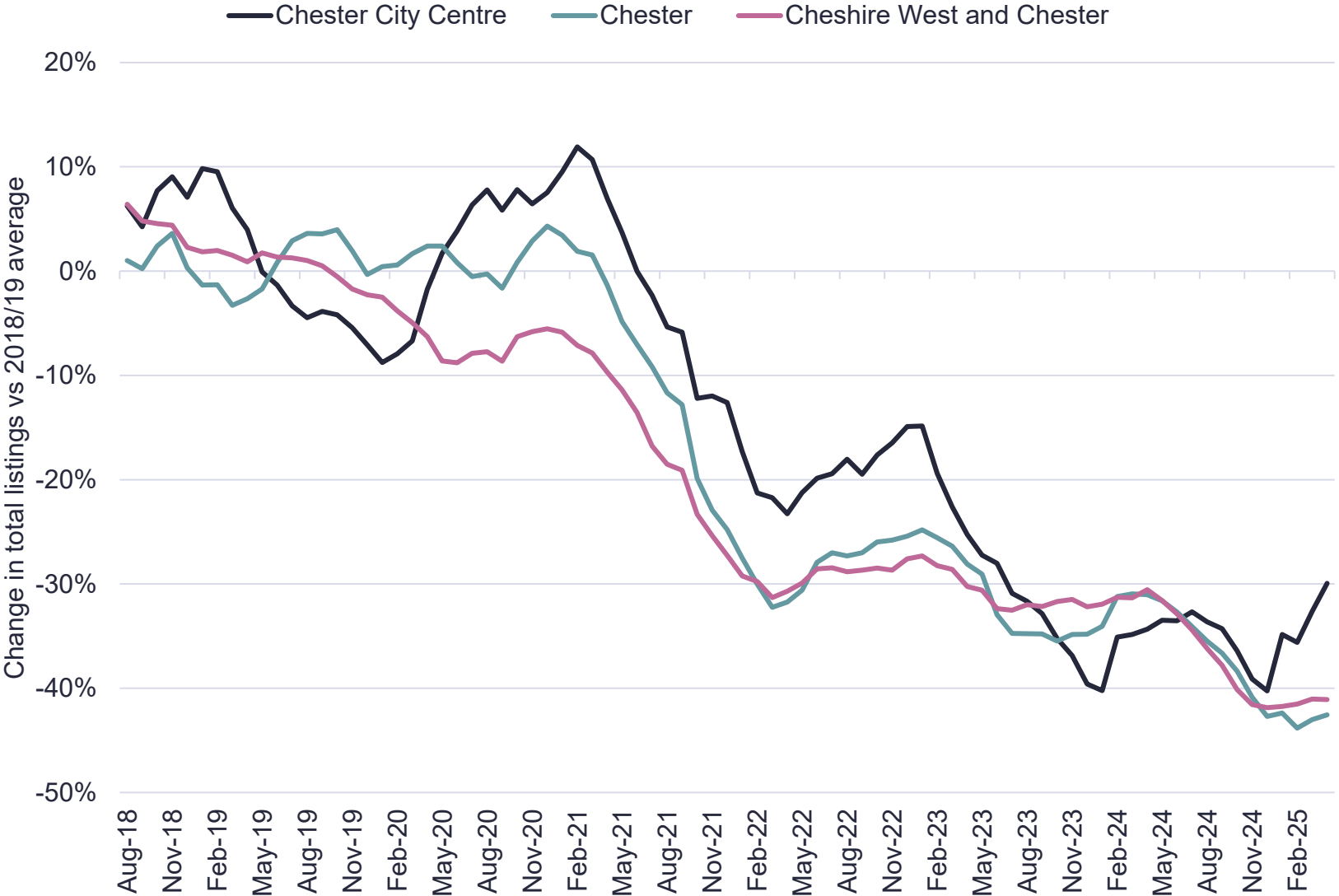
**Since 2020, rental stock has fallen in Chester, leading to increased competition in the local market.**

Across all three geographies, the amount of available rental stock has fallen compared to 2018-19 numbers. Although they have risen from the peak fall in December 2024, stock remains comparatively low, having trended downwards since the large-scale drop off in 2021.

This pattern of reduced stock is not restricted to Chester but has been seen across the UK. Stock in many other regions has, however, recovered, sitting either at or close to 2018-19 levels.

This analysis is based on comparing the levels of available rental stock on a branch average level to 2018-19 numbers, the last “normal” market before the pandemic.

	<b>Change in listings, April 2025 (12-month smoothed) vs 2018-19 average</b>
Chester City Centre	-30%
Chester	-43%
Cheshire West and Chester	-41%



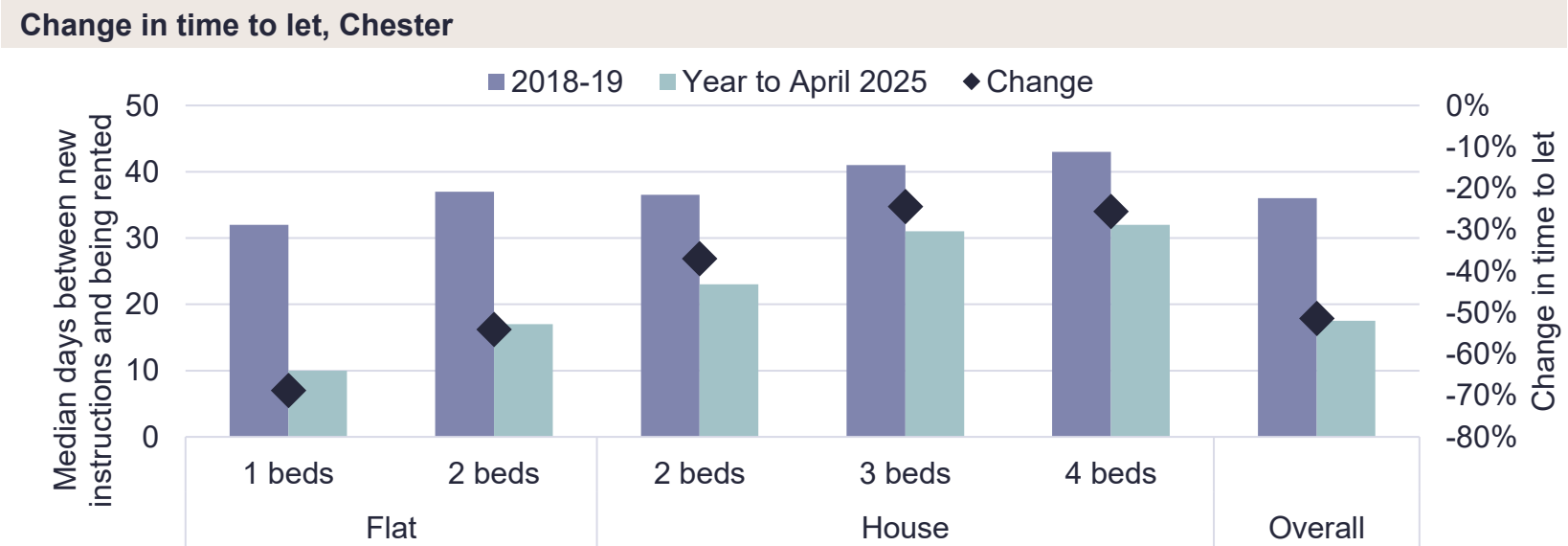
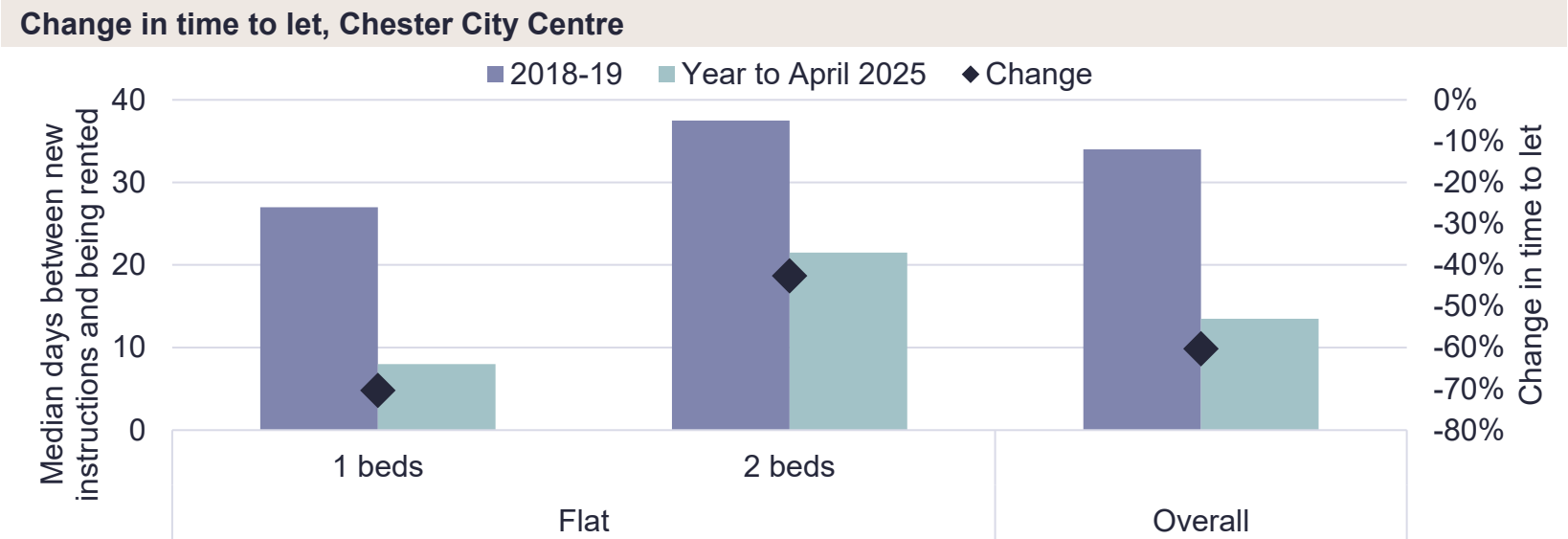
# In Chester City Centre, 1 bed flats let the fastest, indicating that the strongest demand is for smaller flats.

Looking at the time to let can show us how much competition for rental properties exists in a market.

There is strong demand for rental homes in Chester. In Chester City Centre, the average time to let a rental home has decreased by 60%, from 34 days in 2018-19 to just under 2 weeks in the 12 months to April 2025. It is a similar story in Chester. In the 12 months to April 2025, it took on average 17.5 days to let a property compared to 36 days in 2018-19, a fall of 51%.

Time to let does vary between property types and sizes. In Chester City Centre, 1-bed flats let faster than 2-bed flats, indicating stronger demand for smaller flats. In the wider local area, 1-bed and 2-bed flats let the fastest compared to houses.

Increased competition in this market comes directly and indirectly from reduced stock. Directly, less stock is coming to the market. Indirectly, because of less stock, people are staying in their homes longer, reducing churn in the market.



Source: Savills analysis of listings data; Property sizes shown where sample greater than 10 listings in 12 months.

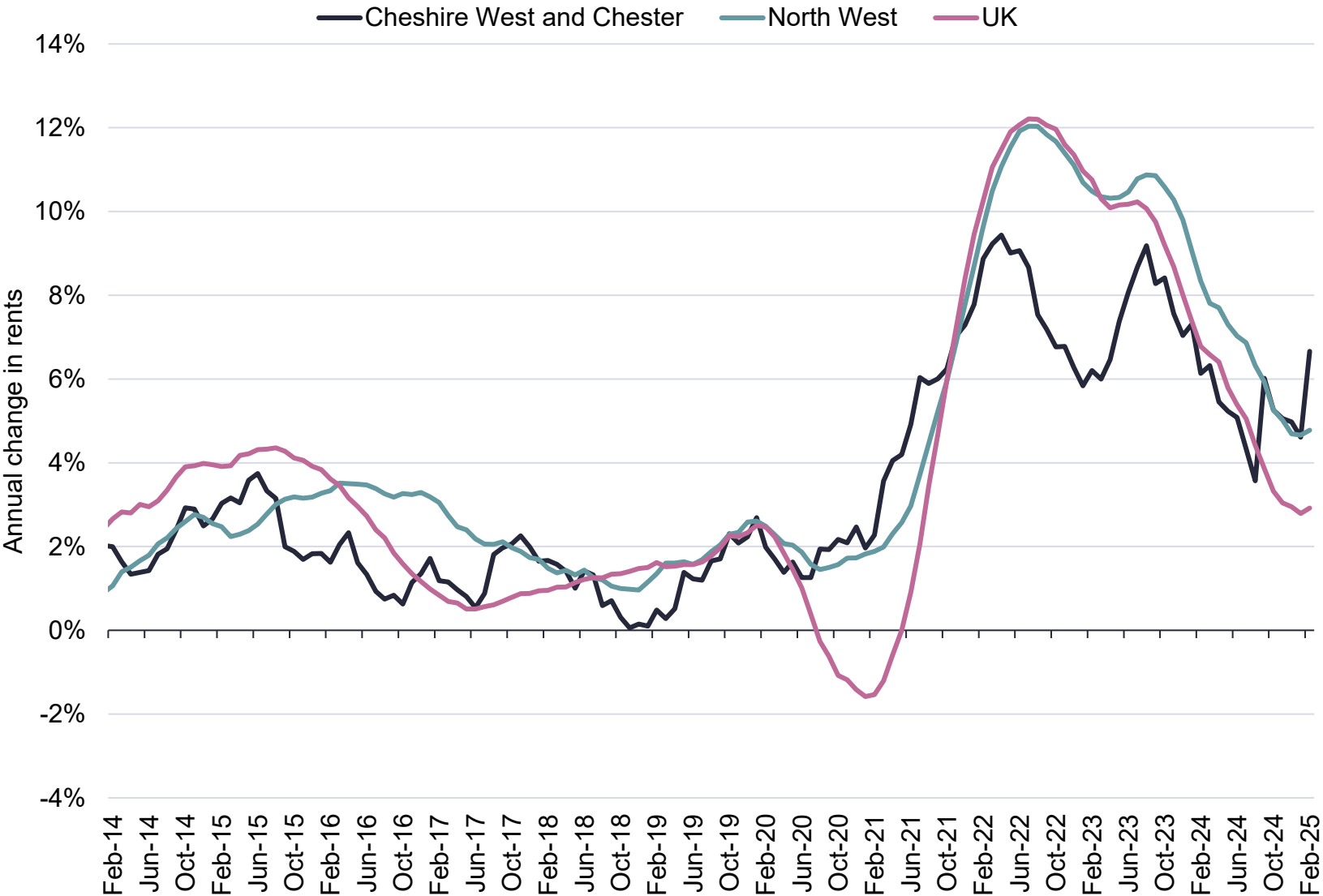
# Rental growth in Cheshire West and Chester has outpaced both the regional and UK average in recent months

In 2022 and 2023, rental growth in the North West and UK surged to extraordinary levels, reaching over 10% for almost 2 years.

Cheshire West and Chester did not experience the same strong levels of rental growth, peaking at 9.2% in August 2023, and followed the UK and regional pattern of slowing through 2024, reaching 3.3% in October 2024.

More recently, however, Cheshire West and Chester has bucked the regional and national trend and seen rental growth accelerating again. As of February 2025, annual rental growth was 6.7%, well above the North West (4.8%) and more than double the UK (2.9%).

	Annual rental growth, year to February 2025
Cheshire West and Chester	6.7%
North West	4.8%
UK	2.9%



# Rents in Chester City Centre and Chester overall are largely comparable, with a small premium for larger properties in the city centre due to limited stock

Median rents for 2-bed properties around Chester City Gateway in the 12 months to April 2025 are currently between £900pcm and £1,100pcm.

Rents in Chester City Centre are similar to those across Chester as a whole, especially for smaller properties. Larger properties in the city centre attract a premium due to there being less stock available. 3-beds make up 5% of stock in the city centre versus 16% in Chester.

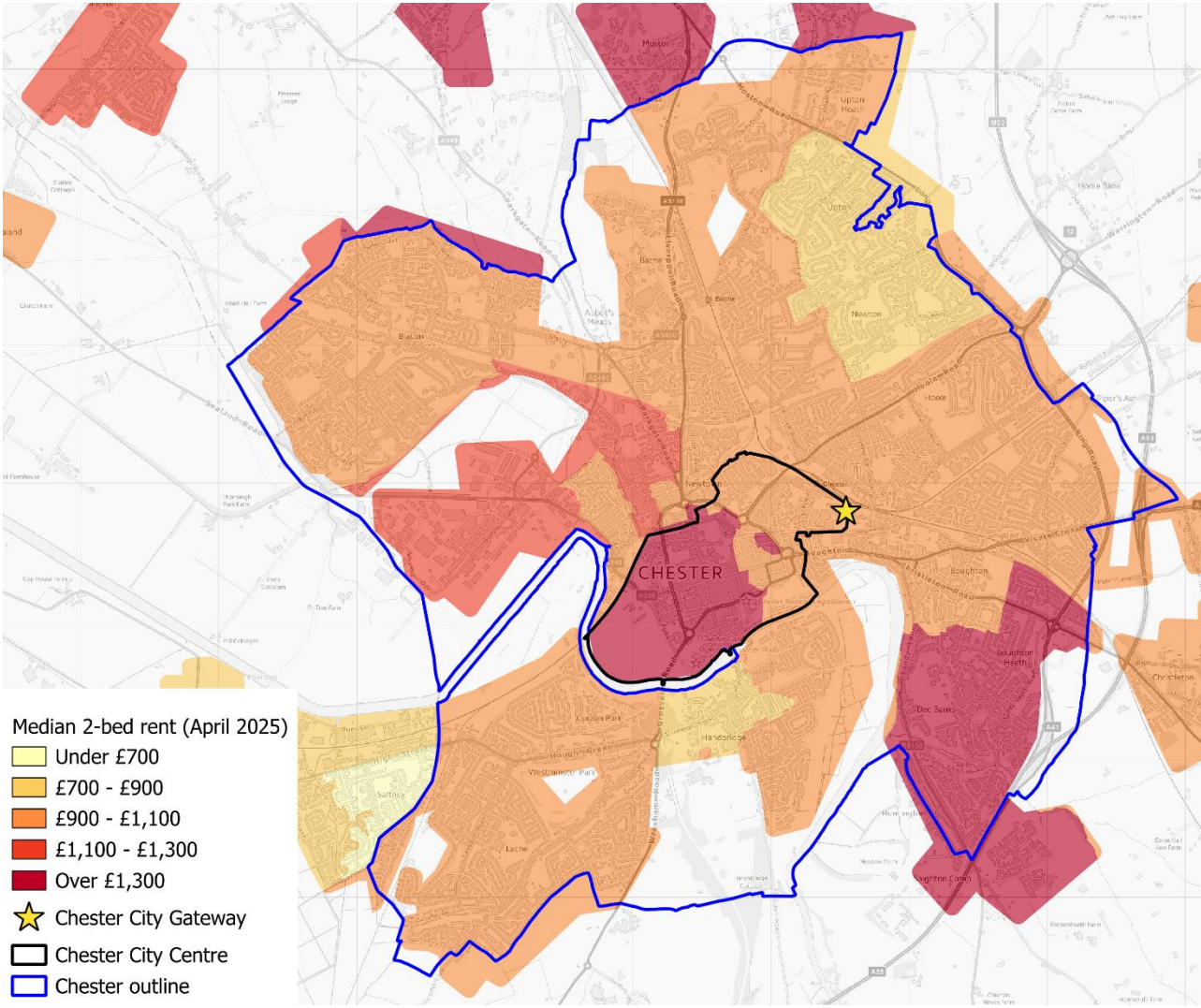
### Chester City Centre, 12 months to April 2025

Property Size	Lower quartile	Median	Upper quartile	% of listings
1-bed	£773	£848	£950	65%
2-bed	£950	£1,000	£1,250	30%
3-bed	£1,250	£1,400	£1,600	5%
<b>All</b>	<b>£825</b>	<b>£950</b>	<b>£1,200</b>	<b>100%</b>

### Chester, 12 months to April 2025

Property Size	Lower quartile	Median	Upper quartile	% of listings
1-bed	£775	£850	£950	38%
2-bed	£950	£1,000	£1,200	42%
3-bed	£1,095	£1,250	£1,400	16%
4-bed	£1,550	£1,800	£1,900	3%
<b>All</b>	<b>£850</b>	<b>£995</b>	<b>£1,200</b>	<b>100%</b>

### Chester median rents, 12 months to April 2025

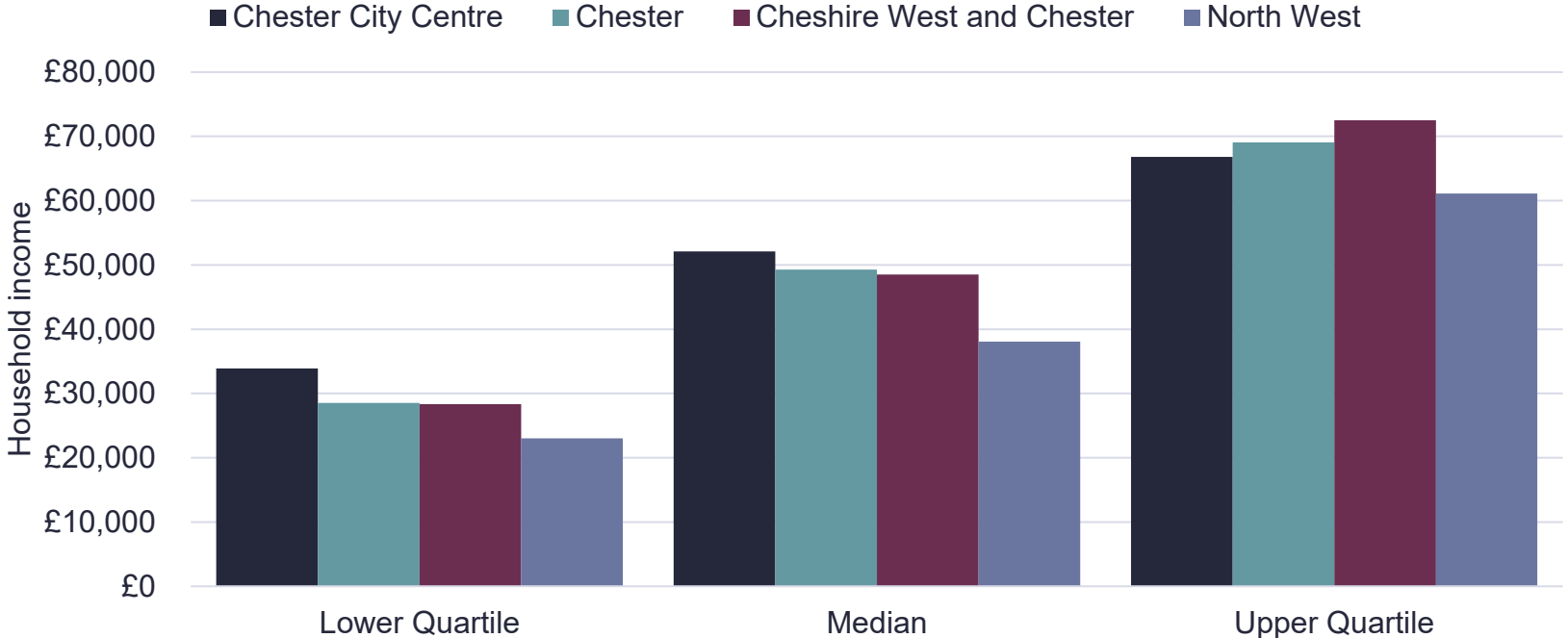


# Median household incomes in Chester City Centre and the wider local authority are higher than the regional average.

Overall, household incomes in Cheshire West and Chester (including Chester and the city centre) are significantly higher than those in the North West.

Median and lower quartile household incomes in Chester city centre are slightly higher than the wider local authority.

Household incomes in Chester city centre have a smaller range than Chester as a whole. This indicates that a larger spread of more affluent households are likely to live further outside of the city centre in larger properties in more rural locations.



	Chester City Centre	Chester	Cheshire West and Chester	North West
Lower Quartile	£33,893	£28,513	£28,340	£23,004
Median	£52,110	£49,263	£48,499	£38,066
Upper Quartile	£66,816	£69,075	£72,497	£61,086

**Although Chester City Centre’s rental market is reasonably affordable for median household incomes, for those on lower quartile incomes, only 31% of properties are affordable, with significantly reduced affordability for larger properties.**



In the 12 months to April 2025, the rental market in Chester city centre is largely comprised of 1-bed (65%) and 2-bed (35%) properties. The deepest part of the market (the price bracket where the majority of listings fall) for 1-beds is between £750pcm and £900pcm, while 2-beds it is around £1,000pcm.

Based on a 30% spend of gross household income on housing costs, 31% of listings in Chester City Centre are affordable for households on lower quartile incomes, while 82% are affordable to median incomes.

Focusing on where the strongest demand is, for 1-beds, almost of half 1-bed properties are affordable to households on lower quartile incomes whereas 90% are affordable to median household incomes.

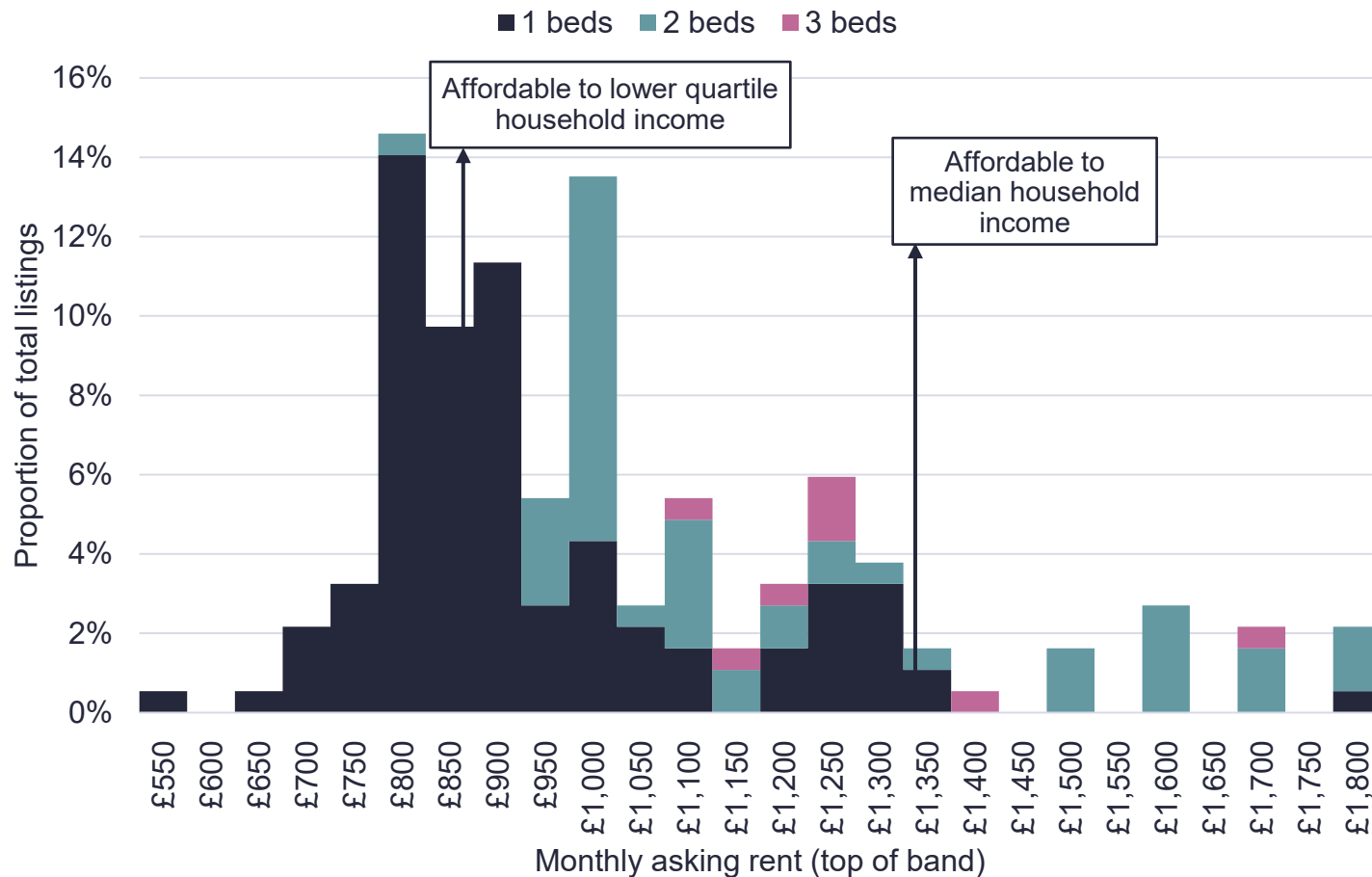
For larger properties, including 2 and 3 beds, housing is significantly less affordable to those on lower quartile incomes at 2% and 0%, respectively.

This indicates that whilst the local rental market in Chester City Centre is relatively affordable for households on median incomes, for those on lower quartile household incomes, affordability is challenged, particularly for larger properties.

**Chester City Centre, 12 months to April 2025**

Property Size	% of listings	% of listings affordable to LQ household income	% of listings affordable to median household income
1-bed	65%	48%	90%
2-bed	30%	2%	68%
3-bed	5%	0%	61%
<b>All</b>	<b>100%</b>	<b>31%</b>	<b>82%</b>

**Chester City Centre Rental Depth of Market, 12 months to April 2025**



Throughout the report, the affordability analysis assumes a 30% spend of gross household income on housing costs. This benchmark is in line with national benchmarks such as the Affordable Housing Commission. It also aligns with the average income spent on rent for the North West at 29.7% of (32.3% nationally) according to Homelet

# Chester's rental market is reasonably affordable for median household incomes with 79% of properties listed in the 12 months to April 2025 affordable whereas only 26% of properties are affordable to lower quartile households.

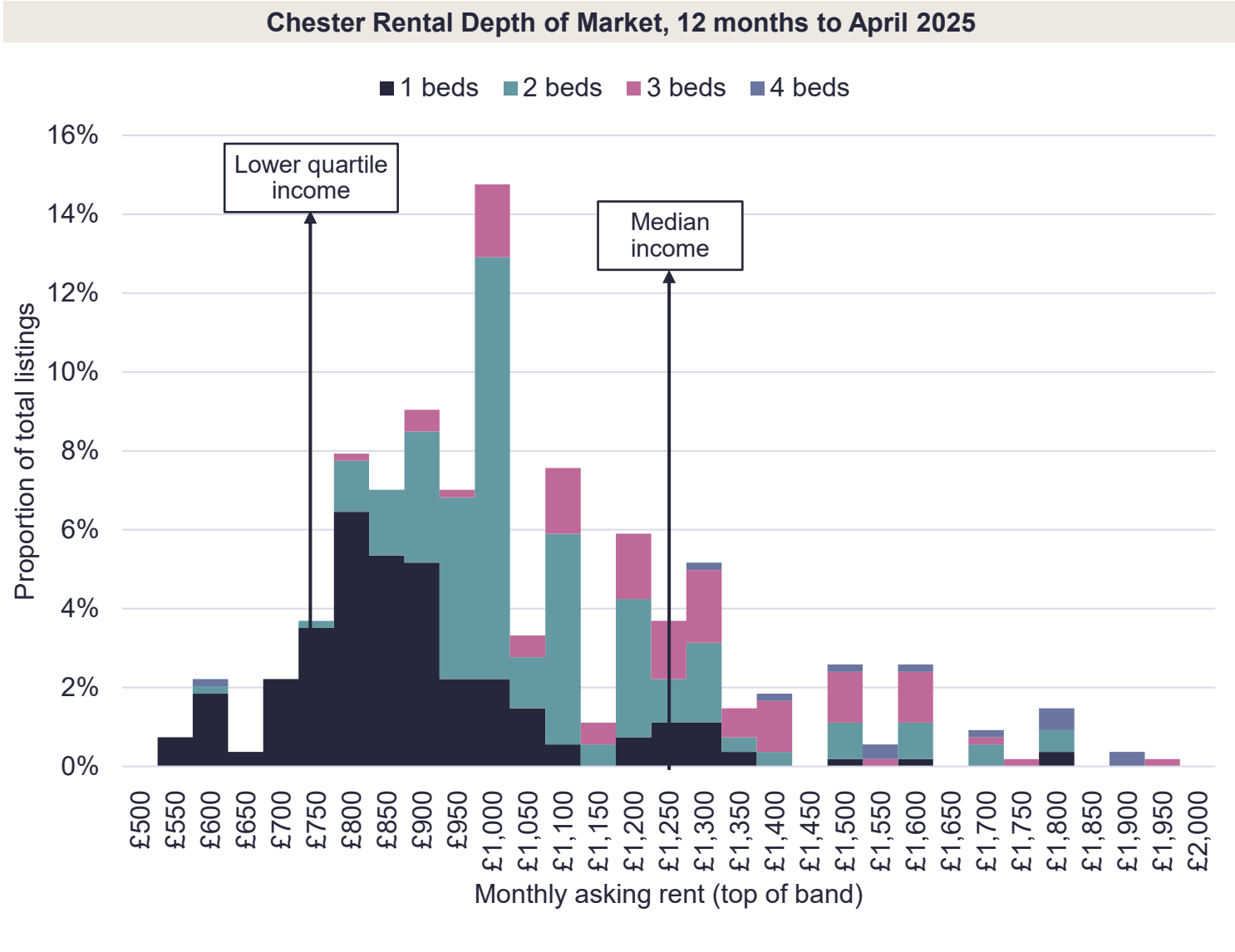


Chester's rental market is predominantly smaller properties. In the 12 months to April 2025, 1 and 2-bed properties made up 80% of the market. These are typically suitable for single people and couples as well as small families with a single child.

Only 26% of the rental market is accessible to households on lower quartile incomes based on a 30% spend. Affordability is particularly challenged for 2 and 3 bed properties at 1% and 0%, respectively. This is whilst the majority of the market is affordable to households on median incomes.

As in Chester City Centre, this points to a relatively affordable rental market for households on median incomes and that lack of available stock is more of a constraint for households.

Chester, 12 months to April 2025			
Property Size	% of listings	% of listings affordable to LQ household income	% of listings affordable to median household income
1-bed	38%	17%	92%
2-bed	42%	1%	83%
3-bed	16%	0%	51%
4-bed	3%	6%	6%
<b>All</b>	<b>100%</b>	<b>26%</b>	<b>79%</b>



**Rental growth in the North West and Cheshire West and Chester is likely to be lower than our forecasts for the wider UK.**

Our most recent rental forecasts (published in November 2024) as shown in the table, expect rental growth in the UK to slow over the coming years from 4% in 2025 to 3% in 2027, which is the historic norm, with 17.6% growth over the next five years.

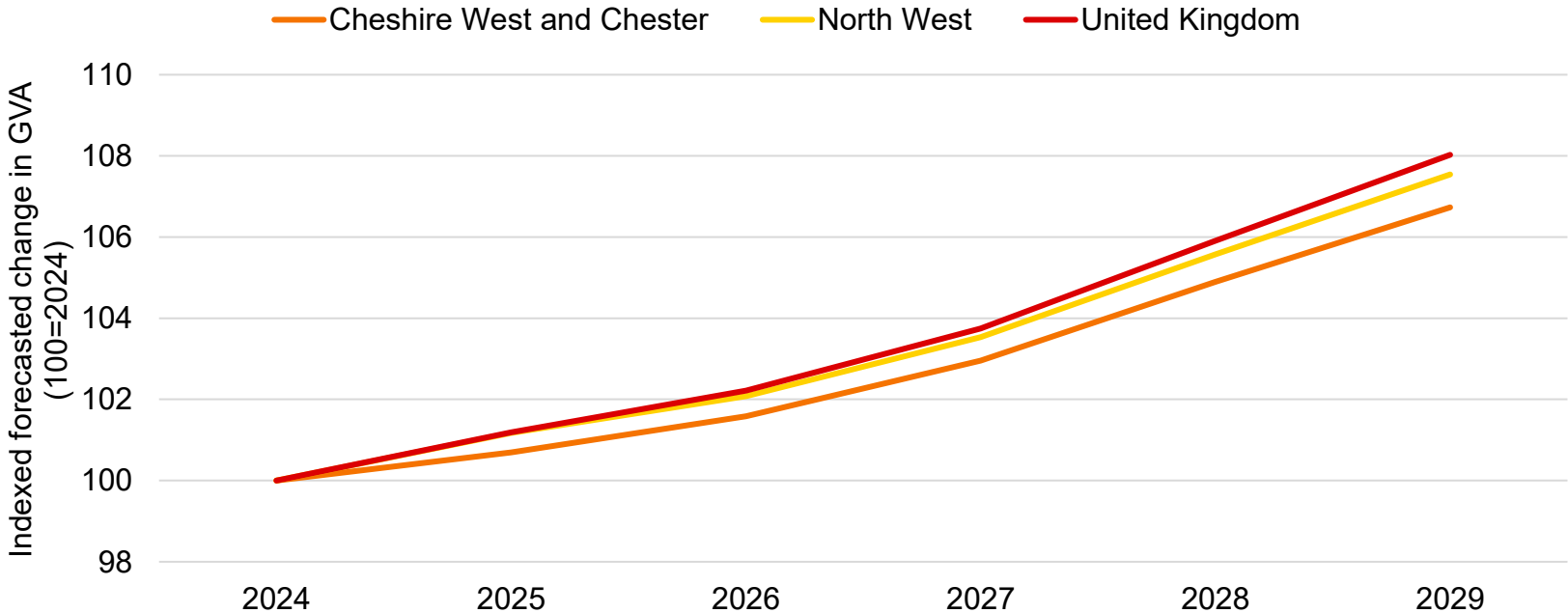
A good indicator of rental growth is GVA which indicates how well a local economy is performing and so indicate the potential capacity for rental growth. Oxford Economics forecasts GVA growth in Cheshire West and Chester to be slower than both the North West and the wider United Kingdom, as shown on the chart.

With slower economic growth, we would expect more limited capacity for rental growth. Therefore, we would expect rents in Cheshire West and Chester to grow more slowly than the wider region and national projections.

**Savills Rental Forecasts (November 2024)**

	2025	2026	2027	2028	2029	2025-29
UK rental growth	4.0%	3.5%	3.0%	3.0%	3.0%	17.6%
London rental growth	2.5%	2.5%	2.5%	3.0%	3.0%	14.2%

**Forecasted GVA growth (indexed, 100=2024)**



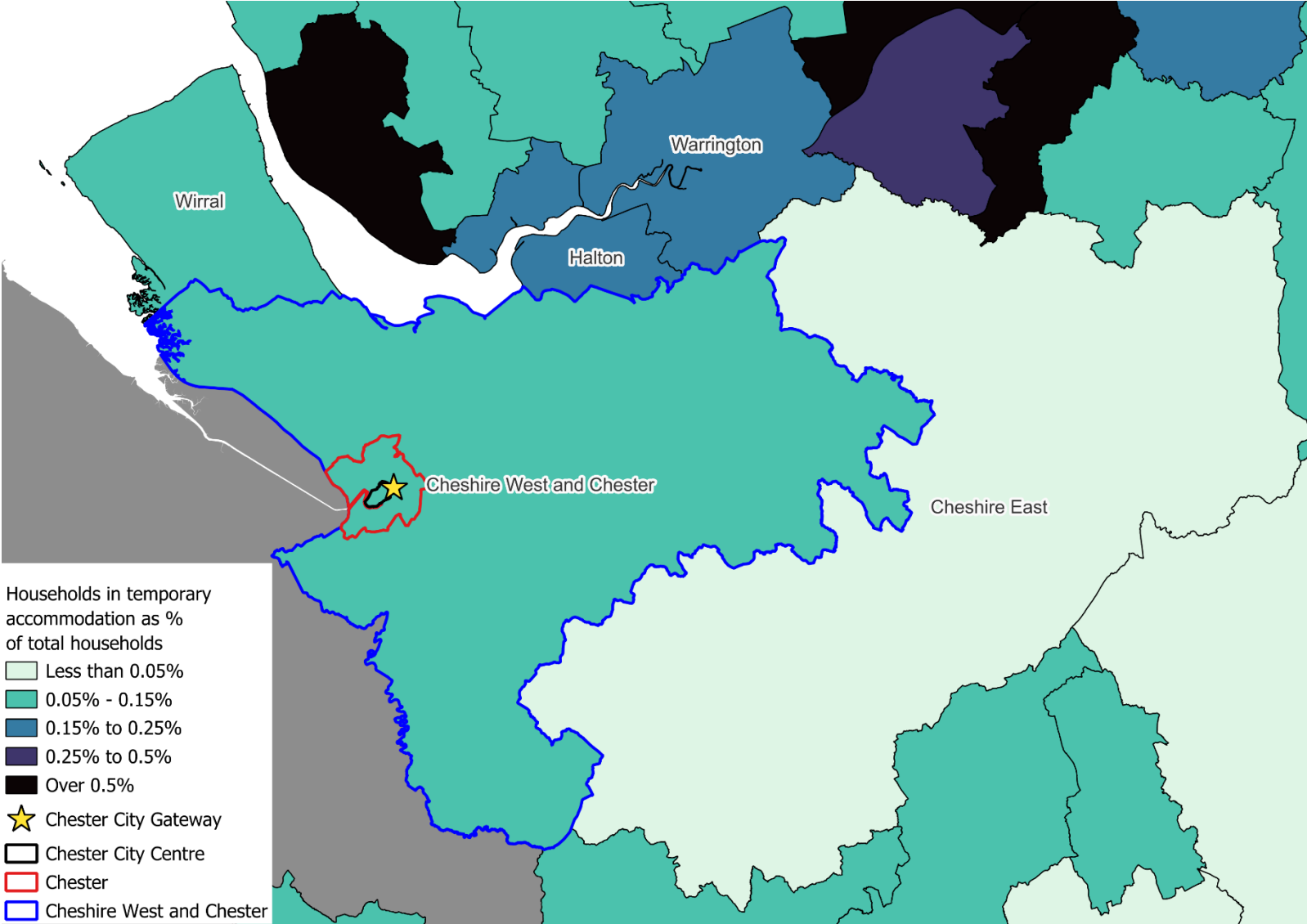
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**Need for Affordable Housing**

# The proportion of households living in temporary accommodation in Cheshire West and Chester is lower than most neighbouring authorities and the regional average.

87 households in Cheshire West and Chester live in temporary accommodation as of Q4 2024. This represents 0.06% of total households in the local authority.

The proportion of households in temporary accommodation in Cheshire West and Chester is slightly higher than Cheshire East but lower than other neighbouring authorities and the regional average. This suggests that the current supply of affordable housing is sufficient for those most vulnerable households requiring the highest levels of support. However, temporary accommodation is only one source of affordable housing demand.



Q4 2024	Households in temporary accommodation	% of total households
Cheshire West and Chester	87	0.06%
Cheshire East	35	0.02%
Wirral	150	0.10%
Halton	101	0.18%
Warrington	160	0.17%
North West	8,150	0.25%

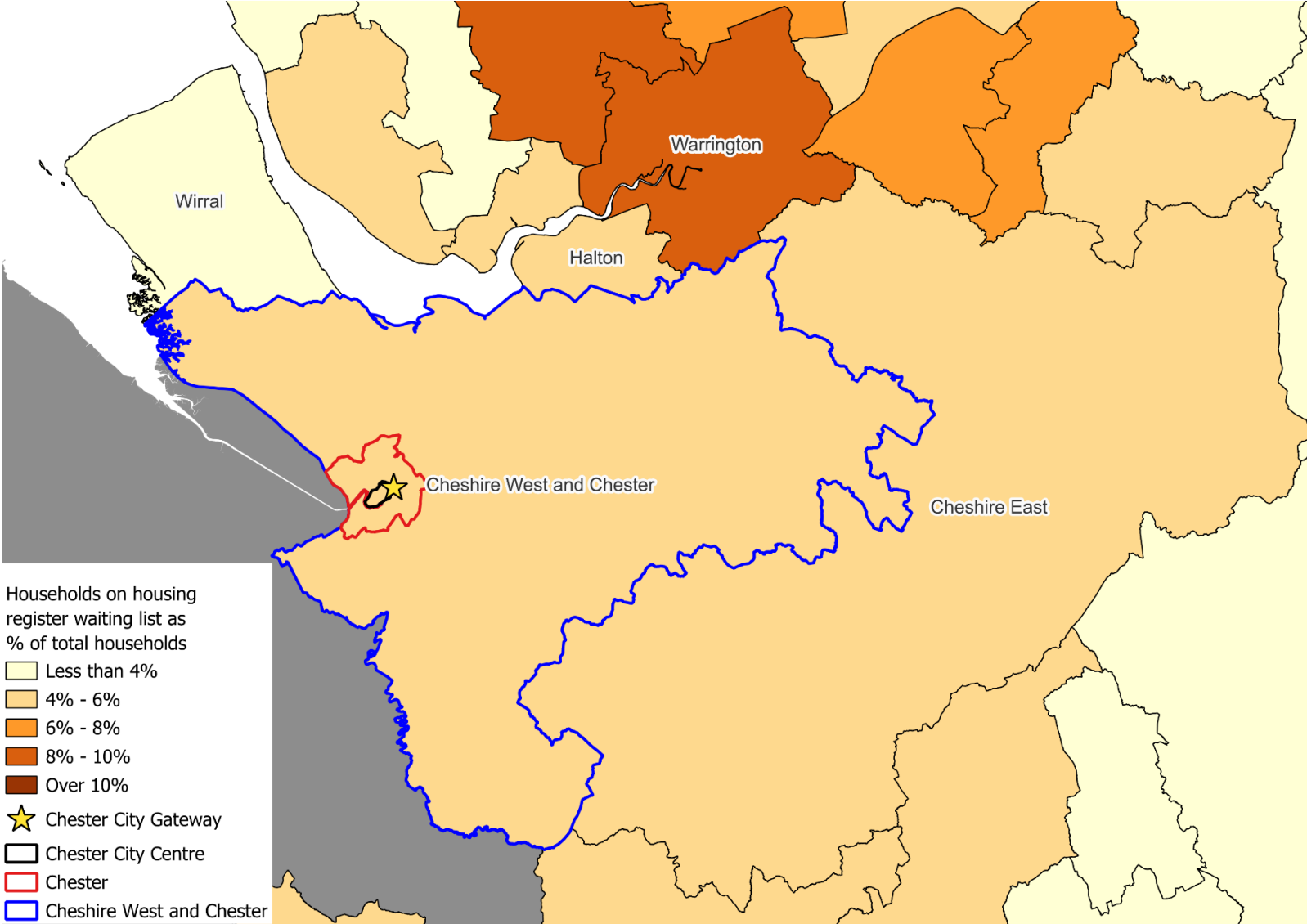
**Over 6,600 households are on the housing register waiting list in Cheshire West and Chester, equivalent to 4.3% of households, comparable with neighbouring local authorities but lower than the regional average.**

In 2023-24, there were 6,656 households on the housing register in Cheshire West and Chester, equivalent to 4.3% of all households in the local authority. 41% of these households have children.

However, most households on the waiting list in Cheshire West and Chester require small homes in 2023-24, either 1-beds (53%) or 2-beds (28%), a consistent trend over the last 5 years.

As with households living in temporary accommodation, this is lower than the regional proportion (6.4%) but at a similar level to neighbouring authorities such as Wirral, Halton, and Cheshire East. This shows that Cheshire West and Chester provides more affordable housing for the most vulnerable local households compared to the wider region.

2023/24	Households on housing register	% of total households
Cheshire West and Chester	6,656	4.3%
Cheshire East	8,191	4.7%
Wirral	5,841	4.0%
Halton	2,709	4.7%
Warrington	7,599	8.2%
North West	207,173	6.4%

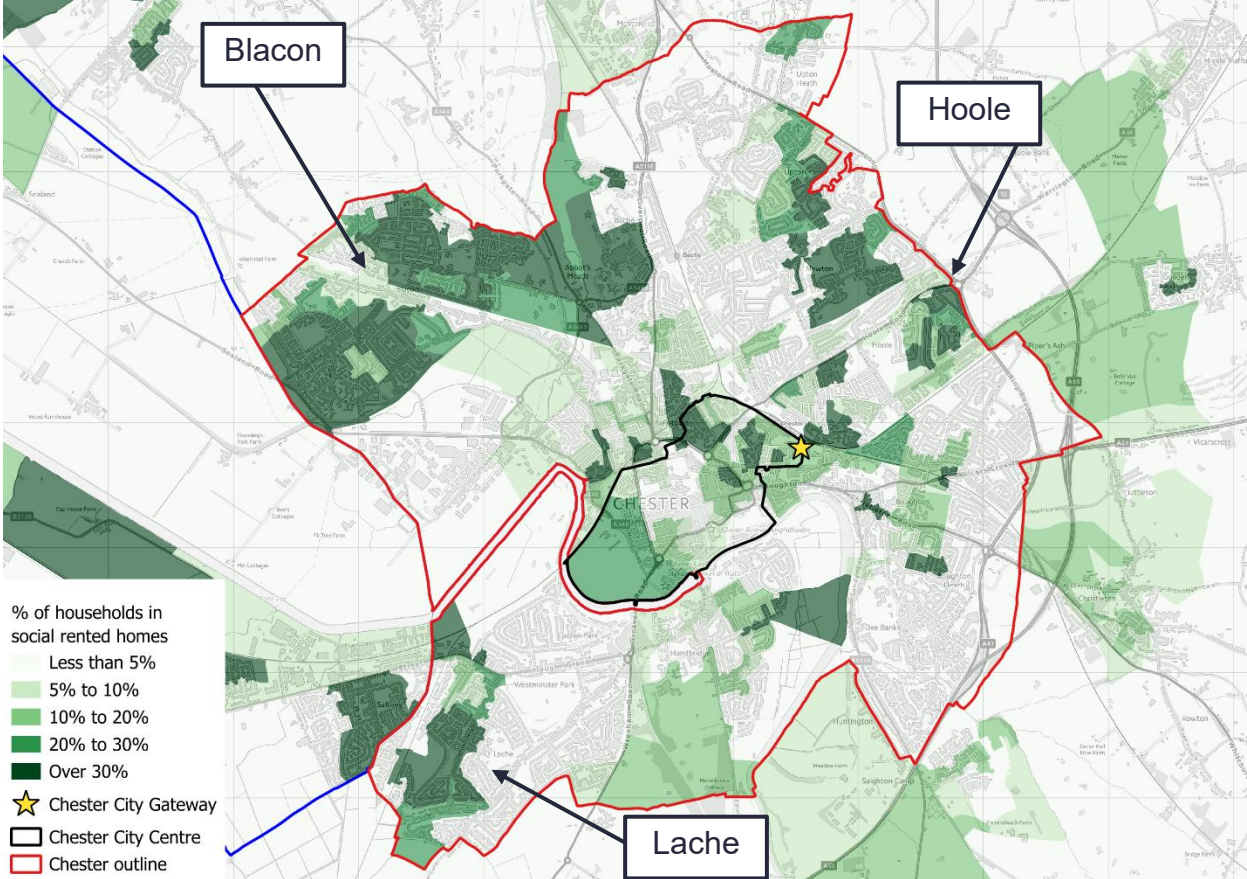
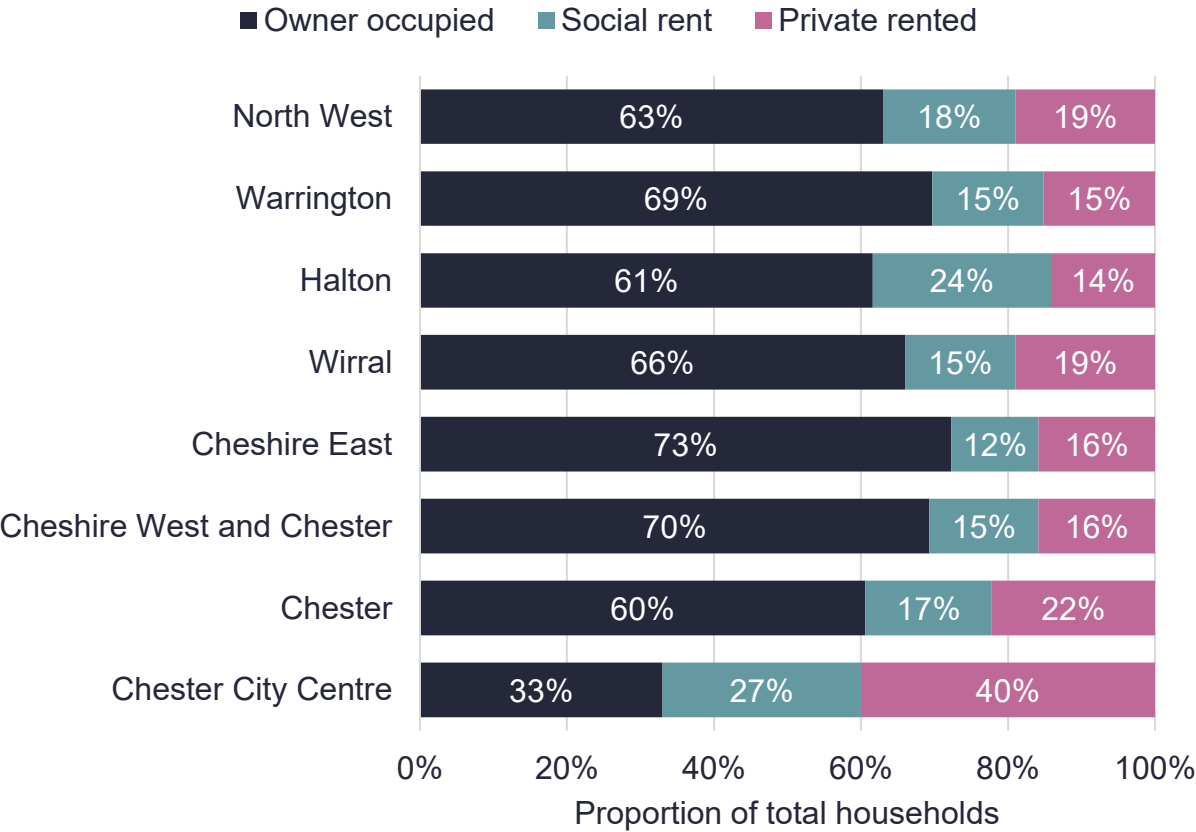


# Chester City Gateway is located in an area with a concentration of social rented households.

In Chester City centre, the highest concentration of households live in the private rented sector at 40%. 27% of households live in social rented housing, higher than the wider local authority and the regional average.

The Chester City Gateway site sits in an area where at least 10% of households live in social rented homes. Other areas in Chester with high proportions of social rented homes are Blacon, Lache, and Hoole. The proportion of social rented homes (17%) is slightly higher than the local authority (15%).

Cheshire West and Chester has a similar proportion of social rented homes as Wirral and Warrington, but which is slightly lower than the regional split (18%).



**A 40% uplift in affordable housing delivery is required to meet affordable housing need in Cheshire West and Chester. Within this need, the largest requirement is for Affordable Home Ownership homes.**

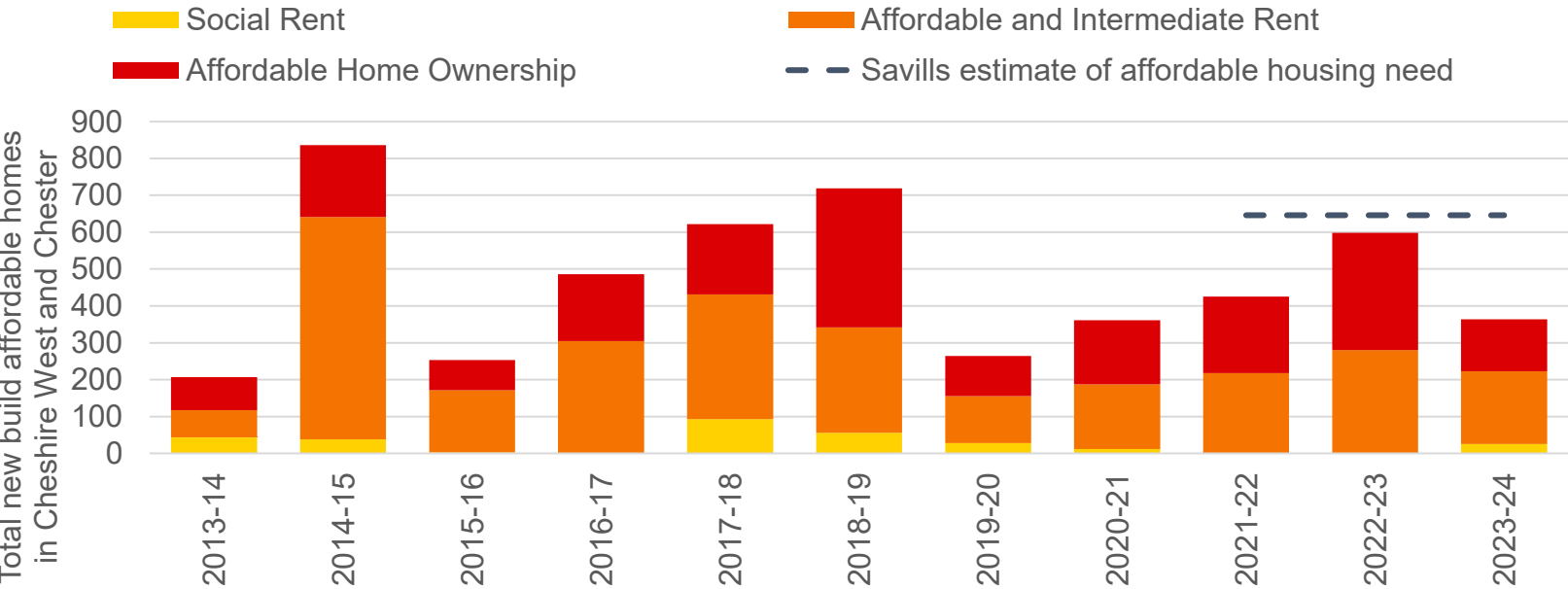
Accounting for the Government’s Standard Method for housing need (December 2024), our analysis shows that of the c.1,900 homes required to meet need in Cheshire West and Chester, c.650 of these homes should be affordable homes. This is slightly lower than the c.750 affordable homes required in Cheshire East and higher than other neighbouring local authorities such as Halton, Warrington and the Wirral.

Looking at recent levels of affordable housing delivery in Cheshire West and Chester as shown on the chart, on average over the last 3 years, c.460 new build affordable homes have been delivered each year. Compared to our estimates of affordable housing need, there has been an undersupply of affordable homes across the local authority since 2018-19.

Within the overall need for affordable housing calculated, we can estimate the requirements for different affordable housing tenures. This is based on the number of households in the affordability gap who could afford each tenure.

In Cheshire West and Chester, the most significant need is for Affordable Home Ownership homes, comparable with the suggested tenure balance in neighbouring local authorities. Based on recent levels of delivery in Cheshire West and Chester, delivery of Affordable Home Ownership homes needs to increase alongside the delivery of Social Rent homes alongside maintaining delivery of Affordable Rent homes.

**Affordable housing delivery broken down by tenure in Cheshire West and Chester over the last 10 years**



**Balance of tenures required to meet affordable housing need in Cheshire West and Chester**

Cheshire West and Chester	Social Rent	Affordable Rent	Affordable Home Ownership
3 year average delivery of affordable homes (3 years to 2023-24)	2%	50%	48%
Savills estimates of affordable housing need (2024)	14%	32%	54%

4

**Conclusions**

## Conclusions

### Young professionals living in the private rented sector comprise the most prominent demographic group in Chester city centre

Overall, households living in Chester city centre are typically younger than the wider local market and smaller, with single person households comprising 58% of households. The most prominent demographic group in the city centre is 'Rental Hubs', young professionals living in privately rented homes. Median household incomes in the city centre are also higher than the wider local market and the regional average. Over the next 10 years, the professional scientific and technology and administrative and support sectors are forecast to see the strongest employment growth. This all points to demand for a rental product in the city centre at Chester City Gateway.

### The lack of rental stock, particularly smaller properties, is fuelling competition in Chester city centre

The main challenge in the local rental market is the lack of available stock, particularly for smaller properties. Chester city centre has seen a -30% reduction in rental listings compared to 2018-19, leading to increased competition for rental stock. The strongest demand in the local market is for 1-bed flats, which are letting 70% faster than in 2018-19. The lack of stock has also fuelled rental growth, which is now outpacing both the wider region and national averages. Nonetheless, although the Chester rental market remains reasonably affordable for median households who can afford 79% of listings in the 12 months to April 2025, it is significantly less affordable for lower quartile households at 31%, particularly for larger properties.

### A 40% uplift in current affordable housing delivery is required to meet estimates of affordable housing need in Cheshire West and Chester

Looking ahead, we estimate that c.650 affordable homes are required each year to meet affordable housing need in Cheshire West and Chester. This is based on meeting the needs of emerging households excluded from the local housing market and maintaining the current provision of affordable housing in the local market. To meet need, a 40% uplift in affordable housing delivery will be required in Cheshire West and Chester, highlighting the ongoing requirement for higher volumes of affordable housing delivery.

### Areas for further exploration:

This report provides an overview of the local housing market in Chester. As part of a separate research scope, we could drill down into the following areas to help Muse better understand the profile of demand for a discount market rent (DMR) scheme at Chester City Gateway:

- Profiling PRS households and in particular single-person households to understand their income profile
- Testing affordability of PRS households and single-person households in the context of estimated rental values at Chester City Gateway;
- Profiling the current PRS stock in the local market to understand what's currently being provided in the local market;
- Analysis of comparable new build case studies to understand what other schemes are providing in similar locations to Chester.

**Appendix**

# What is Experian Mosaic?

We draw upon Experian’s Mosaic geodemographic data in order to profile who lives in and moves to different housing markets.

Experian’s Mosaic UK consumer classification provides a detailed understanding of the demographics, lifestyles, behaviour and locations of all individuals and households in the UK.

Mosaic UK classifies all individuals, households or postcodes in the United Kingdom into a set of lifestyle types. There are 15 groups, which breakdown into 66 household types.

A total of 332 data elements have been used to build this latest version of Mosaic UK. The majority of the information comes from Experian’s UK ConsumerView Database, which combines public and Experian proprietary data and statistical models. These include the edited Electoral Roll, Council Tax property valuations, house sale prices, self-reported lifestyle surveys, term time students from HESA, social housing information from NROSH, broadband speed information from OFCOM, and other compiled consumer data.

The table to the right shows the different groups in descending order of affluence.

Mosaic Group	Description
Prestige Positions	Established families in large detached homes living upmarket lifestyles
City Prosperity	High status city dwellers living in central locations and pursuing careers with high rewards
Country Living	Well-off owners in rural locations enjoying the benefits of country life
Domestic Success	Thriving families who are busy bringing up children and following careers
Senior Security	Elderly people with assets who are enjoying a comfortable retirement
Urban Cohesion	Residents of settled urban communities with a strong sense of identity
Suburban Stability	Mature suburban owners living settled lives in mid-range housing
Rural Reality	Householders living in less expensive homes in village communities
Aspiring Homemakers	Younger households settling down in housing priced within their means
Rental Hubs	Educated young people privately renting in urban neighbourhoods
Modest Traditions	Mature homeowners of value homes enjoying stable lifestyles
Vintage Value	Elderly people with limited pension income, mostly living alone
Family Basics	Families with limited resources who budget to make ends meet
Transient Renters	Single people renting low cost homes for the short term
Municipal Tenants	Urban residents renting high density housing from social landlords

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# Important Note

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Finally, in accordance with our normal practice, we would state that this report is for general informative purposes only and does not constitute a formal valuation, appraisal or recommendation. It is only for the use of the persons to whom it is addressed and no responsibility can be accepted to any third party for the whole or any part of its contents. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent, which will not be unreasonably withheld.

Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.