

Thames Gateway South Essex

Housing Market Trends

Quarterly Report

April 2011

House Prices, Affordability & Market Indicators

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Introduction

This report monitors the latest trends in house prices, rent and other market indicators based on Hometrack's online Housing Intelligence System (www.hometrack.co.uk). It looks at national trends and local changes in lower quartile house prices across the Thames Gateway South Essex (TGSE) sub region by local authority area for different housing types. It also compares cross tenure affordability and reviews recent market indicators. The report acts as a supplement to the data in the TGSE Strategic Housing Market Assessment and Housing Strategy. A snapshot of the housing market in England and Wales is attached at Appendix 1. Changes in house prices for TGSE local authority areas are tabled in Appendix 2.

Key trends

National Trends

- Average house prices in England and Wales fell by 0.1% in March 2011.
- The average price of a property is now £153,100.
- The year on year growth rate is -3.2%.

Local House Prices

- Between February 2010 and February 2011, lower quartile house prices rose in Rochford by £15k, Southend by £12k, Castle Point by £8k, Basildon by £5k and Thurrock by £3k.
- In February 2011, the highest overall lower quartile property price was in Rochford £190k, followed by Castle Point £168k, Basildon £152K, Southend £150k and Thurrock £148k.
- Castle Point continues to have the highest priced 1 bed flatted properties whilst Rochford has the highest priced 2, 3 and 4 bed properties in the sub region.

Cross Tenure (for a one bed property)

- The highest weekly cost of renting a one bed property through a Housing Association is in Thurrock at £91 and the lowest in Rochford at £66.
- Private renting is most expensive in Castle Point at £138 per week followed by Basildon and Rochford at £132, Thurrock at £126 and Southend at £121.
- The weekly cost of renting privately has generally increased from previous quarters.

Affordability

- Lack of affordable housing remains a significant issue across the sub region, where for example in Southend 48.08% of first time buyers cannot afford a flat or maisonette based on a mortgage at 3.0 times their income.

Market Indicators

- Indicators suggest that the market has picked up in the January / February 2011 with time to sell generally reducing, sales to asking price increasing and number of viewing per sale increasing.
- However, this is likely to be driven by a seasonal fluctuation in the market for this period.
- Listing of new property continues to outstrip demand, which could put pricing under further pressure.

National Trends

Despite increased demand and rising sales volumes, average prices fell by 0.1% in March 2011. The average price of a property is now £153,100.

The year on year growth rate stands at -3.2%. Prices were down across 27% of the country in March while 8% of the country posted price rises.

Hometrack's Director of Research, Richard Donnell, commented that:

Rising sales volumes have led to a firming in underlying pricing levels with the proportion of the asking price rising from 91.9% in January to 92.7% in March. Despite this improvement the proportion of the asking price achieved is still down on the level seen 12 months ago (94%).

The supply of housing continues to grow on the back of improved levels of market activity. Listings were up 5.2% in March - greater than the growth in demand over the month. Continued expansion on new supply over the coming months could put pricing under further pressure.

Local Housing Indicators

Overall change in house prices

Looking at the overall change in house prices in the Thames Gateway South Essex sub region over a three month period between December 2010 and February 2011, it shows a mixed picture with prices falling in some quartiles more significantly than of late, notably in Basildon and Rochford. Both Castle Point and Southend have experienced house price growth over the last three months. Price variations between different TGSE Local authority areas are summarised in the table below:

Change in House prices December 2010 – February 2011

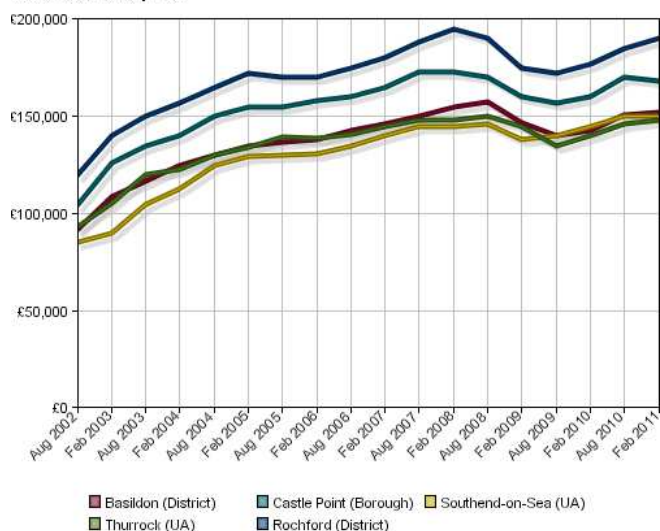
Local Authority	90 th percentile	Upper Quartile	Average	Lower Quartile
Basildon	+£833 ↑	-£11,000 ↓	-£7,427 ↓	-£4,333 ↓
Castle Point	+£11,833 ↑	+£15,000 ↑	+£1,887 ↑	+£5,667 ↑
Rochford	-£51,334 ↓	+£2,000 ↑	-£3,040 ↓	+£5,000 ↑
Southend	+£4,167 ↑	+£10,000 ↑	+£9,546 ↑	+£4,000 ↑
Thurrock	+£1,667 ↑	-£1,666 ↓	+£4,386 ↑	+£1,666 ↑

Focusing on Lower Quartile Prices

The next set of charts focus on the lower quartile property price, based on sales and valuations, for overall property (flats / maisonettes, terraced and detached properties) in the TGSE sub region. This analysis is based on data from Hometrack's Automated Valuation Model.

Lower Quartile Price – Overall

Lower Quartile price

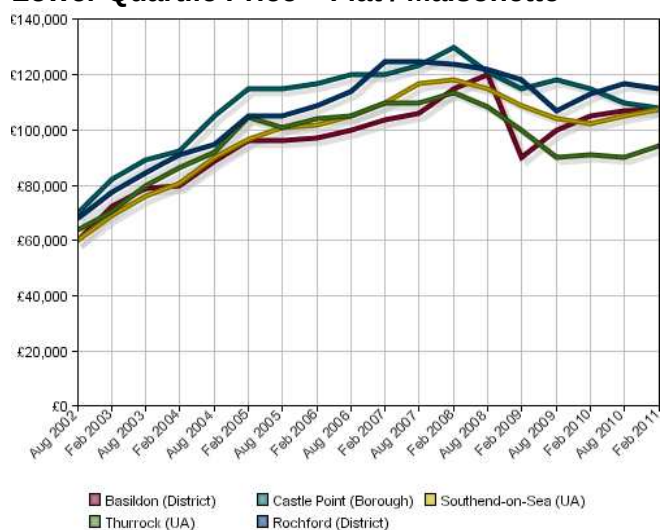


The above chart shows the overall lower quartile property prices by local authority area in the Thames Gateway South Essex sub region at 6 month intervals since August 2002. It demonstrates an overall upward trend in house prices despite the dip in August 2009 and more recent fluctuations.

In February 2010, the highest overall lower quartile property price was in Rochford £190k, followed by Castle Point £168k, Basildon £152K, Southend £150k and Thurrock £148k.

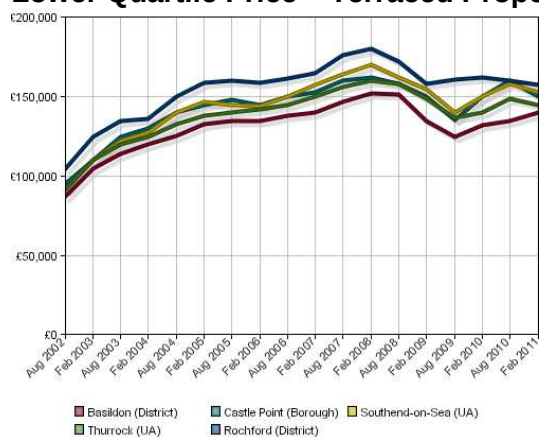
Between February 2010 and February 2011, lower quartile house prices rose in, Basildon by £5k, Castle Point by £8k, Southend by £12k, Thurrock by £3k and Rochford by £15k (see Appendix 2). Prices are up from previous years and in Southend are higher than when they last peaked in 2008/09.

Lower Quartile Price – Flat / Maisonette



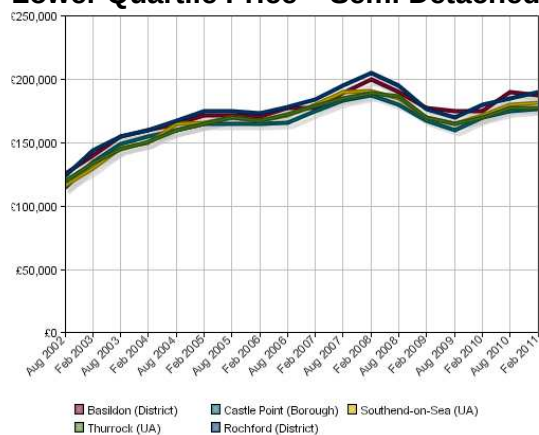
The above chart shows lower quartile prices for flat / maisonette properties. Since August 2010, prices fell in Castle Point and Rochford, but rose in the remaining three authorities.

Lower Quartile Price – Terraced Properties



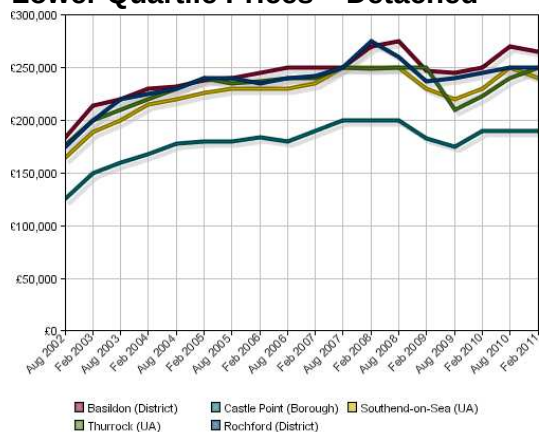
Since August 2010, the prices of lower quartile terraced properties fell in Castle Point, Rochford, Thurrock and Southend but rose in Basildon.

Lower Quartile Price – Semi Detached



Since August 2009, the price of semi-detached properties in all five local authority areas has risen showing a consistent picture across the sub region. Although for Basildon, prices have fallen since August 2010.

Lower Quartile Prices – Detached



Since August 2010, the price of detached properties fell in Basildon and Southend, continued to rise in Thurrock and Rochford, but remained static in Castle Point.

In summary, the changes across different house types by local authority areas show that house prices continue to fluctuate especially when monitored over the three month period. Prices of terraced properties have seen a more pronounced fall compared to other house types.

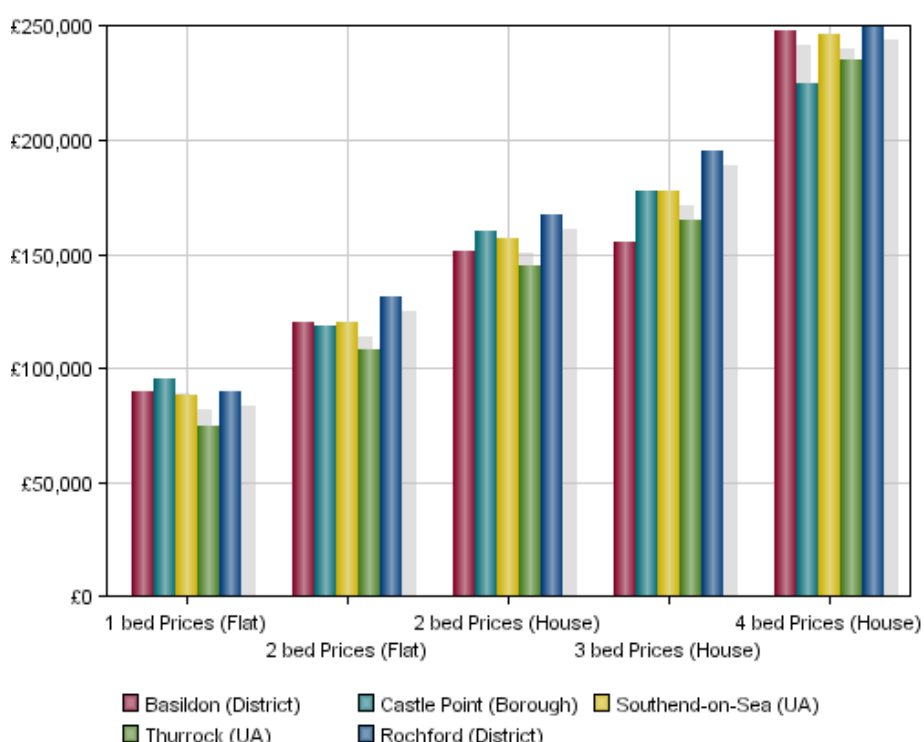
Annual Turnover by Broad Type and Age

As a Proportion of Overall Property

	Southend-on-Sea (UA)				Southend-on-Sea (UA)	
	2nd Hand House Sales	2nd Hand Flat Sales	New Build House Sales	New Build Flat Sales	Overall	
2007	2,701	1,602	40	181	2007	6.10%
2008	1,383	699	24	106	2008	3.00%
2009	1,566	577	38	56	2009	3.00%
2010	1,544	668	22	19	2010	3.00%
2011	38	16			2011	0.10%

The above tables show the total volume of housing turnover in Southend, as the sample area, split between houses / flats and second hand / newly built houses. The total turnover is also shown as a proportion of overall property, based on Land Registry data. It shows the marked drop off in turn over since 2007 from 6.10% to 3.0%.

Lower Quartile Price of Property by Bed Count (February 2011)

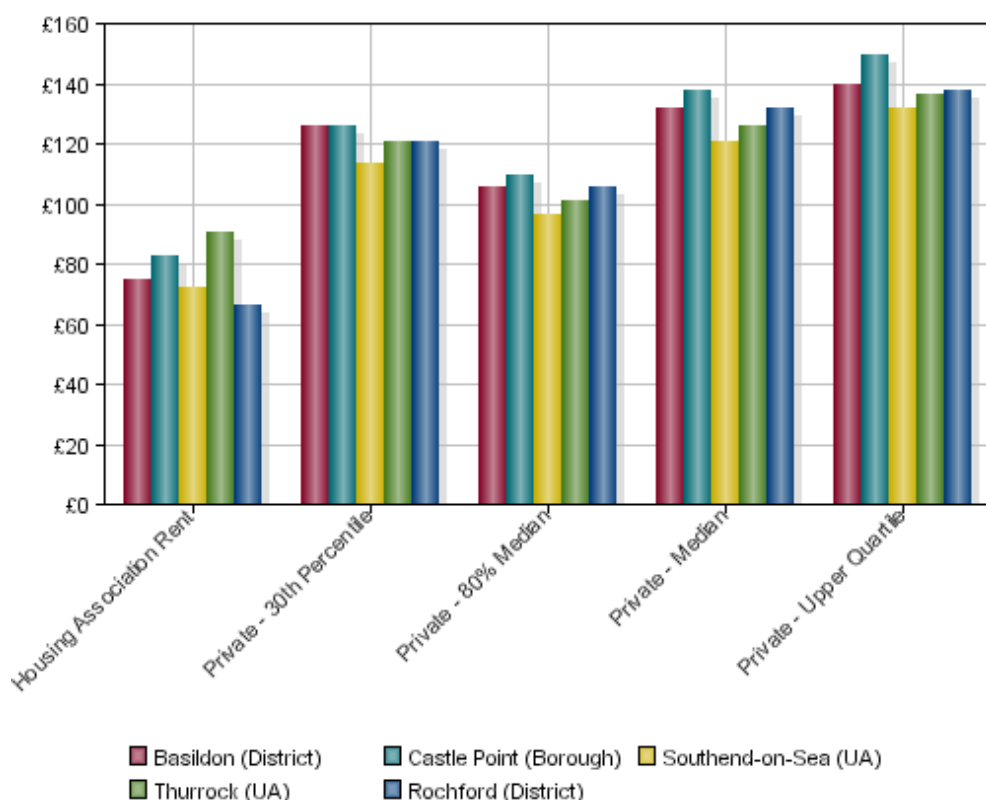


Latest Data Only For Comparison LQ (February 2011)

	Basildon (Borough)	Castle Point (Borough)	Southend-on-Sea (UA)	Thurrock (UA)	Rochford (District)
1 bed Prices (Flat)	90,000	95,500	88,000	75,000	90,125
2 bed Prices (Flat)	120,125	118,500	120,000	108,000	131,000
2 bed Prices (House)	151,000	160,000	157,000	145,000	167,250
3 bed Prices (House)	155,000	178,000	178,000	165,000	195,000
4 bed Prices (House)	248,000	225,000	246,238	235,000	250,000

The above graph and table show the lower quartile price of property by bed count in the TGSE sub region based on February 2011 figures. For 1 bed flatted properties, the highest price was recorded in Castle Point, while for 2 bed flatted properties and 2, 3 & 4 bed houses the highest prices were all recorded in Rochford.

Weekly cost for 1 bed property across a range of quartiles compared to HA rent

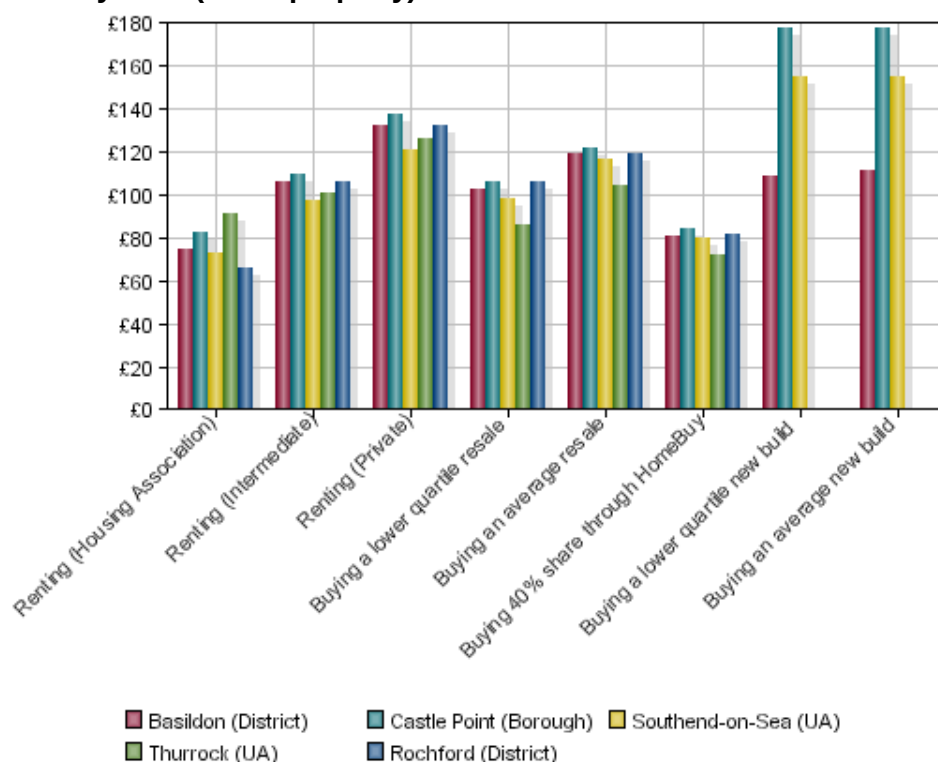


	Basildon (Borough)	Castle Point (Borough)	Southend-on- Sea (UA)	Thurrock (UA)	Rochford (District)
Housing Association Rent					
Private - 30th Percentile	74.8	83.1	72.6	90.9	66.3
Private - 80% Median	126	126	114	121	121
Private – Median	106	110	97	101	106
Private - Upper Quartile	132	138	121	126	132
	140	150	132	137	138
Difference between HA & 80% Median Rent	31.2	26.9	24.4	10.1	39.7

The above graph and table shows the weekly cost of renting a one bed room property across a range of quartiles. Importantly, it allows a comparison to be made between Housing Association Rent and the New Affordable Rent at 80% of market rent.

The 30% percentile figures look unusually high being in excess of the 80% Median rent. This is because the individual rents are closely banded and show little variation. Average rental figures at borough level can sometimes mask local variations in rental values. It is often better to look at rents at ward level to show where these variations exist. (Further information can be sought from the Thames Gateway South Essex Strategy Coordinator).

Weekly Cost (1 bed property)

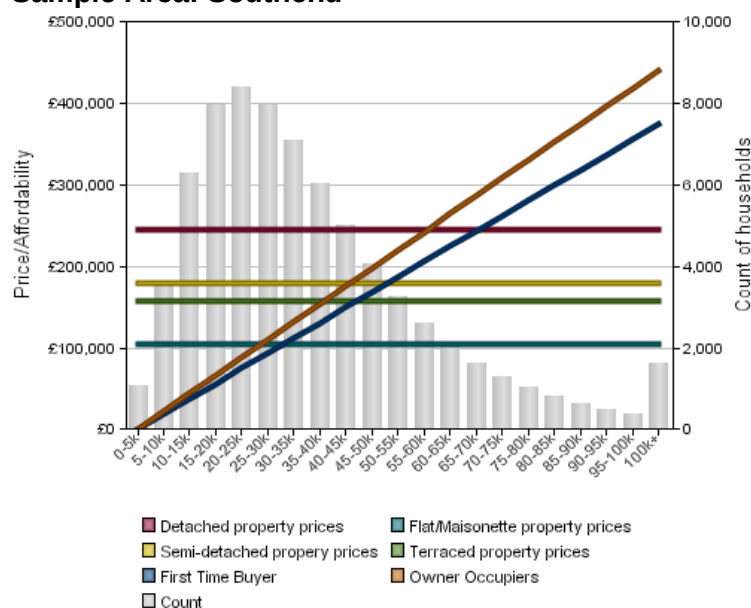


The chart compares the weekly cost of a one bed property across different tenures and has been analysed as follows:

- The weekly cost of renting from a Housing Association is generally lower (apart from Thurrock) than other tenures with the highest rent in Thurrock at £91 and the lowest in Rochford at £66. For Basildon the rent level is £75, Castle Point £83 and Southend £73 per week.
- Private renting is most expensive in Castle Point at £138, followed by Basildon and Rochford at £132, Thurrock at £126 and Southend at £121.
- Whilst the weekly cost of renting from a Housing Association has remained the same from the previous quarter, the weekly cost of renting privately has increased in Castle Point, Southend, Rochford, but reduced in Thurrock.

Affordability: 3.0 times income

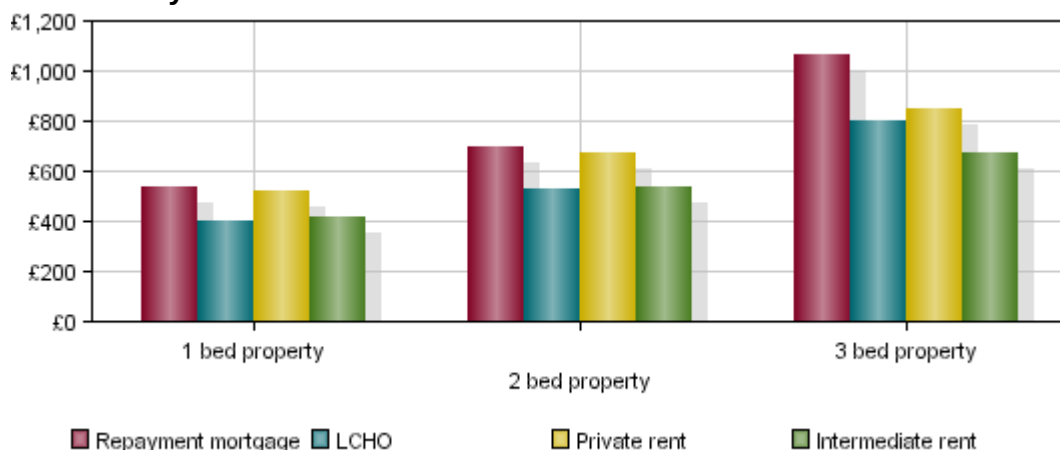
Sample Area: Southend



This chart shows the number of households in different household income bands in Southend (bars) compared to the minimum price for different property types in the same area (horizontal lines). The diagonal lines rising from left to right show the value of property that can be afforded at different income multiples by a first time buyer and former owner-occupier.

The chart demonstrates that a significant proportion of residents in Southend are priced out of the property market. For example, 48.08% or approximately 35,271 households cannot afford to purchase a flat or maisonette as a first time buyer on a mortgage at 3.0 times their income.

Affordability Calculator for Southend



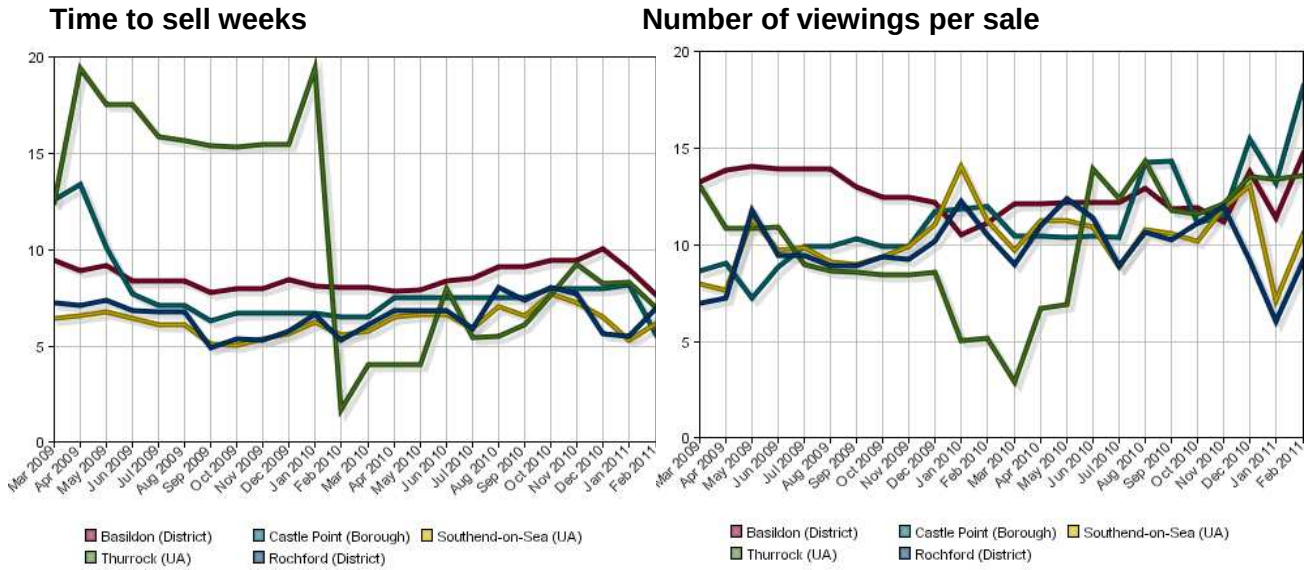
	Average price	Repayment mortgage	LCHO	Private rent	Intermediate rent
1 bed property	£105,000	£537	£406	£524	£419
2 bed property	£136,995	£701	£530	£672	£537
3 bed property	£208,000	£1,064	£805	£849	£679

The information above is based on the average price for 1, 2 and 3 bedroom properties using a combination of sales and valuations data as well as open market and intermediate rental values. The data is calculated using the assumptions set within an Affordability menu (available on the Housing Intelligence System).

The assumptions can be changed by moving the slider bars. For Southend, the information shows that for one and two bed properties; private renting is the most expensive, while for a 3 bed property a standard repayment mortgage is most expensive.

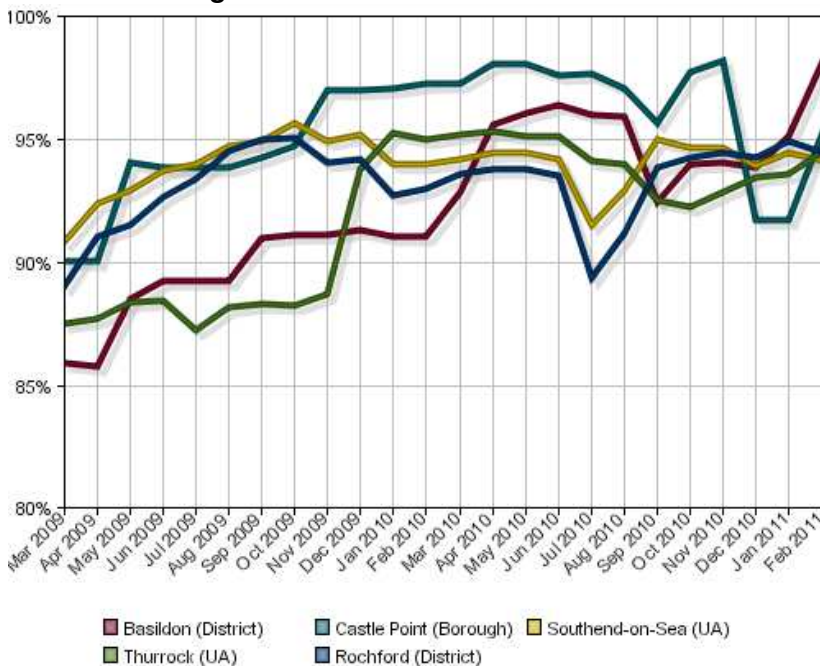
Whilst the sample area for this Quarterly Report is Southend, information can be readily made available for the other TGSE Local Authorities on request.

Market Indicators



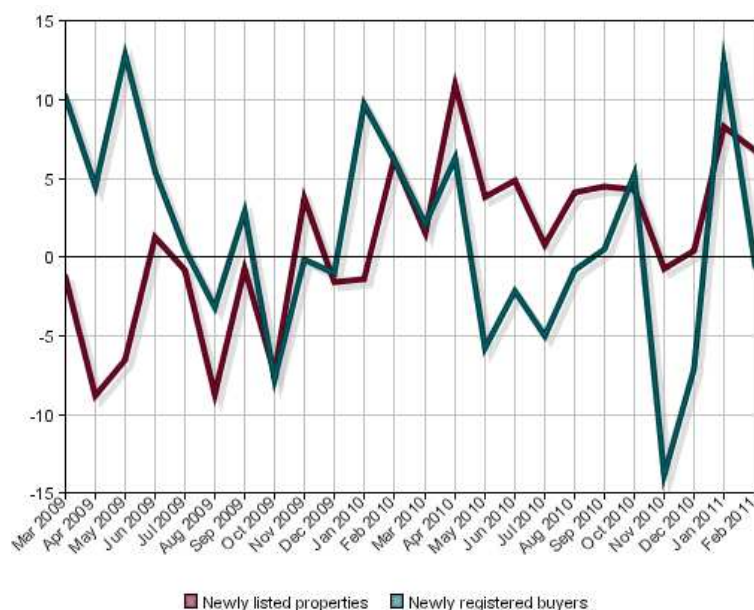
The above graphs suggest that the market position in January and February 2011 is improving with viewings per sale in weeks increasing for all Local Authority areas and the time to sell a property generally reducing, apart from in Southend and Rochford.

Sales to Asking Price



This graph shows the typical proportion of the asking price that is achieved for all sales agreed over the month since March 2009. Since December 2010, the percentage has increased in Basildon, Thurrock and Castle Point but remained broadly static in the two Local Authority areas.

Change in Supply and Demand (Southend)



This graph compares the percentage change in the number of new properties being registered for sale each month against the percentage change in the number of new buyers registering for Southend.

Between November 2010 and January 2011 the number of newly registered buyers rose significantly partly due to a seasonal fluctuation for this period. Newly listed properties also increased but not by the same percentage increase. However, both indicators fell back in February, suggesting a general slowing down in the housing market and lack of activity. With newly listed properties outstripping demand, this is likely to have a further dampening effect on house prices in the sub region.

Appendix 1 –Snapshot of Housing Market in England & Wales by Richard Donnell, Director of Research, Hometrack, March 2011.

London became the first region to register a price rise for 8 months, however time on the market suggests pricing across most regions remain weak.

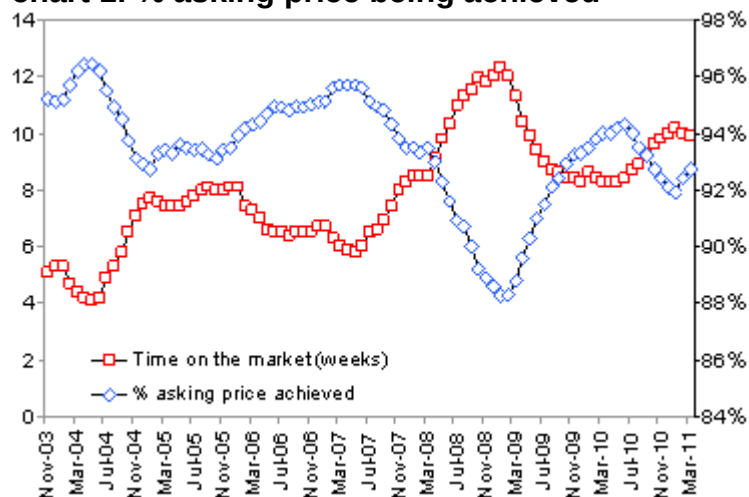
Summary	Jan-11	Feb-11	Mar-11
Monthly price change (%)	-0.5	-0.2	-0.1
% change in new buyers registering with agents	-9.5	14.7	4.2
% change in volume of property listings	-5.4	7.5	5.2
% change in sales agreed	-13.2	25.4	12.6
Average time on the market (weeks)	10.2	10.0	9.9
% of the asking price being achieved	91.9	92.4	92.7
% postcode districts with price increase over month	1.8	4.8	7.8
% postcode districts with price decrease over month	37.0	26.0	27.0

Results

- The number of buyers registering with agents has been positive for the second month in a row, growing by 4.2% over March.
- This is a slower increase compared to the strong seasonal pick up seen in February, but it is consistent with the level of growth seen over the same month in previous years.
- The volume of sales agreed grew by 12.6% over March following a 25.4% increase in February. However, this figure comes off a low base. Adverse weather and the seasonal slowdown which characterised December and January resulted in low levels of sales agreed.
- Despite increased demand and rising sales volumes, average prices fell by 0.1% over March. The average price of a property is now £153,100.
- The year on year growth rate stands at -3.2%.
- Prices were down across 27% of the country in March while 8% of the country posted price rises.
- London registered the first monthly increase in prices for 8 months on the back of rising demand and dwindling supply. Central London was the primary driver of a 0.2% increase in prices across the capital.
- Across all other regions prices moved lower by between 0.1% and 0.3%. House prices in the South West were unchanged.
- The time on the market stands at 9.9 weeks but in three regions the average is over 3 months. In two other regions it is just under 3 months.
- Rising sales volumes have led to a firming in underlying pricing levels with the proportion of the asking price rising from 91.9% in January to 92.7% in March. Despite this improvement the proportion of the asking price achieved is still down on the level seen 12 months ago (94%).
- The supply of housing continues to grow on the back of improved levels of market activity. Listings were up 5.2% in March - greater than the growth in demand over the month. Continued expansion on new supply over the coming months could put pricing under further pressure.

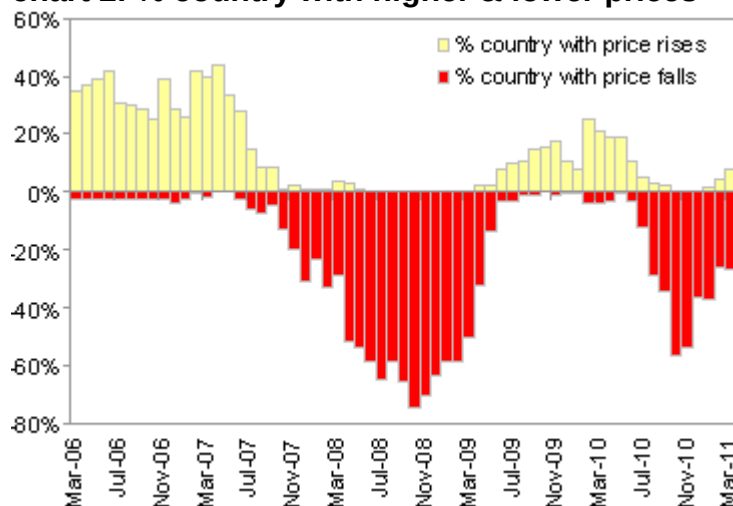
This month's survey was based upon responses from 5,100 agents and surveyors across all 2,300 postcodes in England and Wales.

chart 1: % asking price being achieved



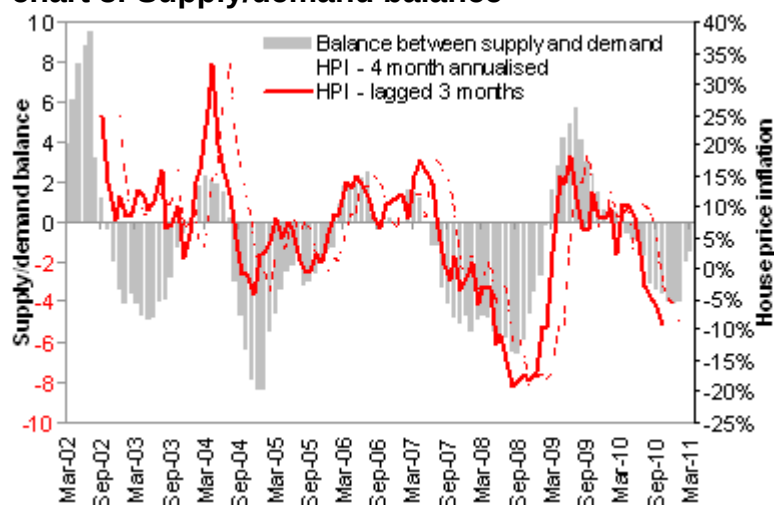
"The proportion of the asking price achieved has bounced back in the last 3 months and currently stands at 92.7%. The time on the market also registered a small fall to 9.9 weeks - the second time this measure has declined in six months."

chart 2: % country with higher & lower prices



"Figure 2 shows the proportion of postcodes registering higher and lower prices over time. The balance of change swung into negative territory over the autumn of 2010 but the extent of price changes has slowed as supply has tightened. Prices were down across 28% of postcodes in March 2011."

chart 3: Supply/demand balance



"There is a close relationship between the changing balance of supply and demand and price changes which tend to lag by 3 months. Figure 3 plots a rolling 6 month balance between supply and demand against changes in house prices expressed on a rolling 3 month annualised basis."

Appendix 2 – Overall House Price by Local Authority Area over a 10 year period

	Basildon (Borough)	Castle Point (Borough)	Southend-on- Sea (UA)	Thurrock (UA)	Rochford (District)
	Lower Quartile	Lower Quartile	Lower Quartile	Lower Quartile	Lower Quartile
Aug-02	91,995	105,000	84,950	93,500	120,000
Feb-03	108,995	126,095	90,000	105,595	140,000
Aug-03	117,000	135,000	105,000	120,000	150,000
Feb-04	125,000	140,000	112,500	123,000	157,000
Aug-04	130,000	150,000	125,000	130,000	165,000
Feb-05	135,000	155,000	129,500	134,000	172,000
Aug-05	137,000	155,000	130,000	139,500	170,000
Feb-06	138,000	158,000	131,000	139,000	170,000
Aug-06	143,000	159,995	135,000	141,000	175,000
Feb-07	146,000	164,995	140,000	145,000	179,995
Aug-07	150,000	173,000	145,000	147,995	188,000
Feb-08	155,000	173,000	145,000	148,000	195,000
Aug-08	157,500	170,000	146,000	150,000	190,000
Feb-09	147,000	160,000	138,000	145,000	175,000
Aug-09	140,000	157,000	140,000	135,000	172,000
Feb-10	143,000	160,000	145,000	140,000	177,000
Aug-10	151,000	170,000	150,000	146,000	185,000
Feb-11	152,000	168,000	150,000	148,000	190,000
Change Feb 2010- Feb 2011	+5,000	+8,000	+12,000	+3,000	+15,000
Change Peak – Feb 2011	-5,500	-5,000	+4,000	-2,000	-5,000

Red – Denotes peak prices before recession

Source: Hometrack Housing Intelligence System



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