

Thames Gateway South Essex

Housing Market Trends

Quarterly Report

April 2013

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 house 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 (currently under review) 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

- House prices were up 0.3% in March - the highest growth since March 2010.
- Supply over the last two months has grown by 13% but demand has risen by 19%.
- Looking ahead the Funding for Lending Scheme, together with recent budget initiatives aimed at both funding and housing will act as yet more support to property prices.

Local House Prices

- Between February 2012 - 2013, Lower Quartile (LQ) house prices were up in Southend / Rochford £9k, Castle Point / Thurrock £1k but down £9k in Basildon.
- In February 2013, the highest overall LQ property price was in Rochford £185k, followed by Castle Point £170k, Southend £150k Basildon £145 and Thurrock £144k.
- Prices were still down when measured against the pre recession peak in 2007/08 in Basildon £12k, Rochford £10k, Thurrock £5k, Castle Point £4k but up in Southend £5k.
- Rochford now has the highest priced LQ 1 bed flatted, 2, 3 & 4 bed properties, Castle Point has the highest 2 bed flatted properties in the sub region.

Cross Tenure (for a one bed property)

- The highest weekly cost of renting a one bed property through a Registered Provider is in Thurrock at £74 and the lowest in Rochford at £68.
- Private renting was most expensive in Castle Point, followed by Basildon / Thurrock at £137, Rochford £126 and Southend £121.
- Weekly rents have increased between February 2012-13 by £5 in Basildon / Thurrock, £1 in Castle Point whilst fallen in Rochford by £6 and remained level in Southend.
- The average "head room" between 80% market rent and housing association rent for a 1 bed property ranges between £37 in Basildon and £28 in Southend.

Affordability

- Lack of affordable housing remains a significant issue across the sub region, where for example in Castle Point 57% of first time buyers cannot afford a flat or maisonette based on a mortgage at 3.0 times their income. This rises to 64% for those wishing to purchase a terraced property and 75% for a semi detached property.

Market Indicators

- Since December 2012 the time to sell properties in weeks had reduced in all 5 local authority areas.
- The number of viewings per sale fell in Basildon but rose in the remaining 4 local authority areas.
- The proportion of sales to asking price has increased in Basildon / Thurrock but decreased in the other 3 Local authority areas due possibly to weaker prices in the west of the sub region.
- All sub regional authorities experienced a seasonal increase in newly registered buyers / newly listed properties between December 2012 and January 2013. For Basildon the number of newly listed properties increased by over 50% but then declined sharply.

National Trends

House prices were up 0.3% in March - the highest growth since March 2010. The Director of Research at Hometrack, Richard Donnell commented:

“The impetus for growth came from London where prices rose by 0.7% in the month - the highest increase in the capital since Feb 2010.

Pricing levels have been improving across the country. House prices were down in only one region - the North East - compared to January and February when prices were lower in four and three regions respectively.

The strongest house price growth outside London was seen in the South East (0.2) and East Anglia (0.20).

Supply over the last two months has grown by 13%, but by just 3.5% over the last six. Demand meanwhile, has risen by 19% in the last two months.











Looking ahead the Funding for Lending Scheme, together with recent budget initiatives aimed at both funding and housing will act as yet more support to property prices”.

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 one year period between February 2012 and February 2013, average house prices rose in Castle Point, Rochford, and Southend by as much as £15,996, but fell in Basildon and Thurrock suggesting an east – west split. Lower Quartile percentile house prices also fell in Basildon but rose in the remaining four local authority areas. This has implications for affordability where properties are getting less affordable, with the exception of Basildon, over the twelve month period.

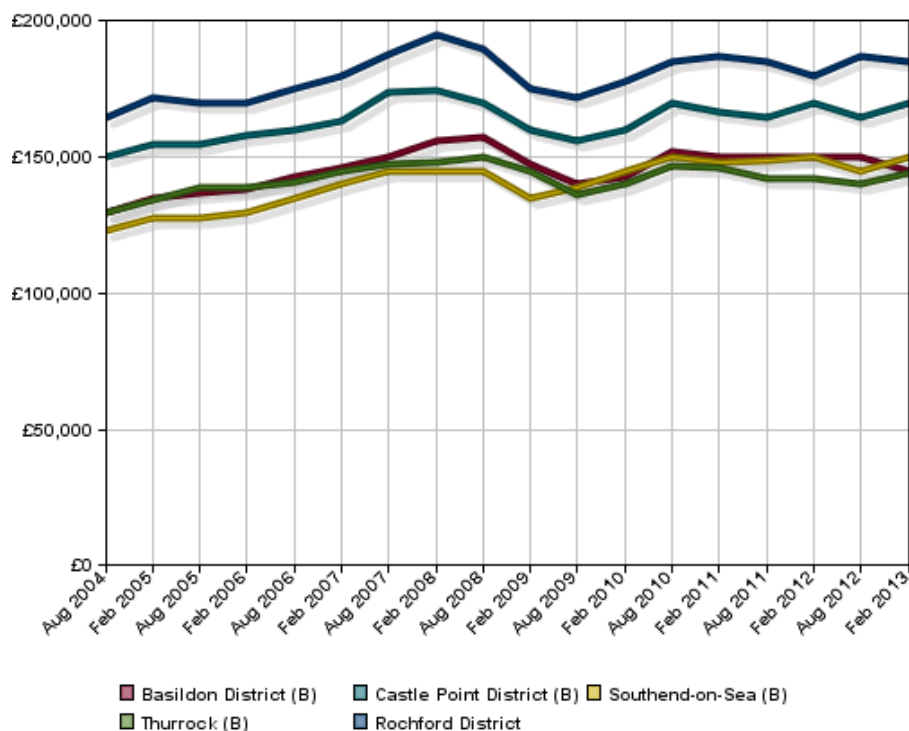
Change in House prices February 2012 – February 2013

Local Authority	Average	Lower Quartile
Basildon	- £15,264 	-£9,666 
Castle Point	+£5,857 	+£1,334 
Rochford	+£15,996 	+£9,000 
Southend	+£15,149 	+£9,350 
Thurrock	-£321 	+£1000 

Focusing on Lower Quartile Prices

The charts (over page) 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.

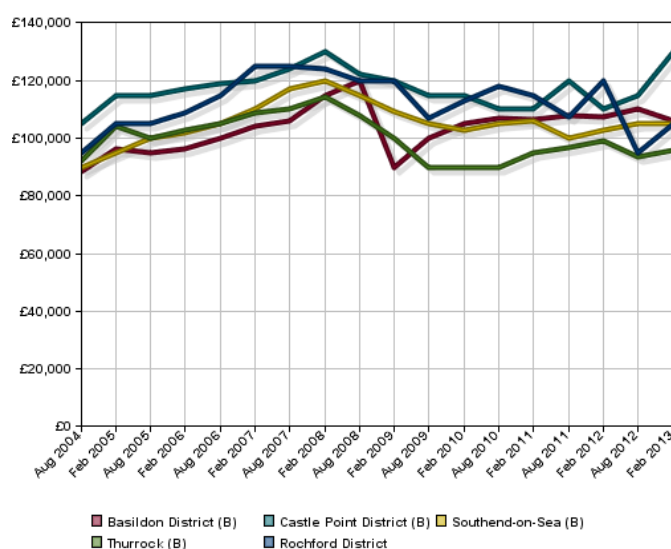
Lower Quartile Price – Overall



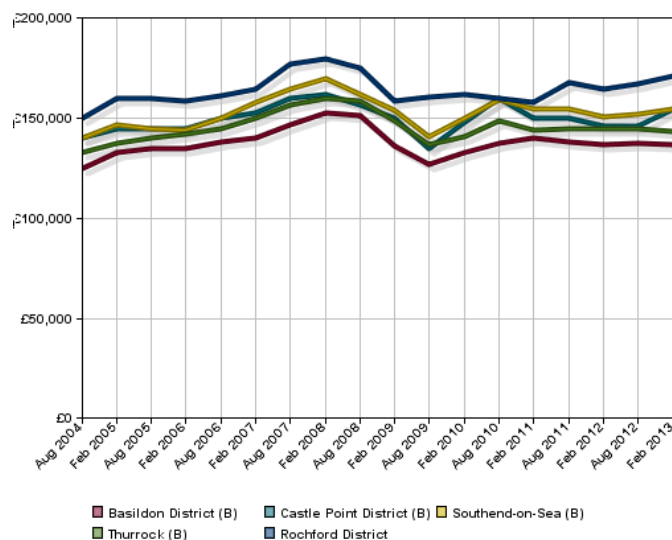
The above chart shows the partial recovery in house prices since the noticeable dip in 2008/9. However, prices stalled again from August 2010 and have been generally flat lining. In February 2013, the highest overall lower quartile property price was in Rochford £185k, followed by Castle Point £170k, Southend £150k, Basildon £145k and Thurrock £144k.

When compared with pre recession prices in 2007/08 where they peaked across the sub region, current prices are still down in Basildon by £12.5k, Rochford £10k, Thurrock £5.5k, Castle Point £4.5k, but up in Southend £5k (see Appendix 2).

Lower Quartile Price – Flat / Maisonette



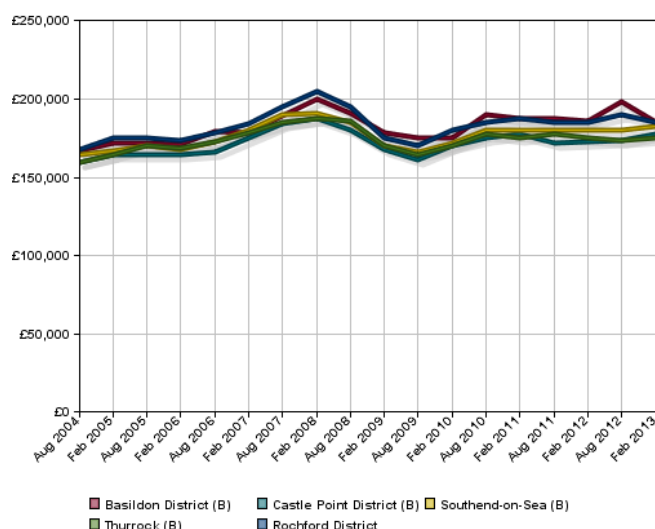
Lower Quartile Price – Terraced Properties



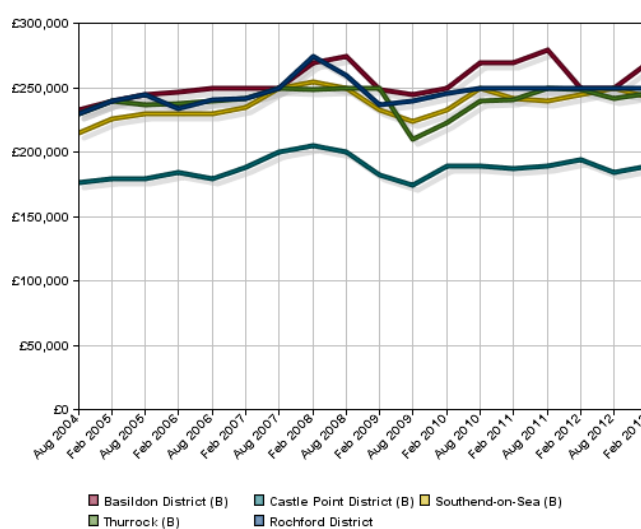
The above charts show a mixed picture. Prices of flat / maisonette property have been more volatile in past years where prices in Castle Point rose more sharply reaching a pre-recession peak of £130k. In comparison, prices in Southend have remained flat.

For terraced properties, prices have risen in Rochford, Castle Point and Southend, remained static in Basildon but fallen in Thurrock.

Lower Quartile Price – Semi Detached



Lower Quartile Prices – Detached



Since August 2012, prices of semi-detached properties declined in Basildon and Rochford but risen in the remaining TGSE local authority areas.

For detached properties, since February 2012 prices have risen in Basildon, remained static in Rochford but fallen marginally in the remaining three TGSE local authority areas. Prices have remained lower in Castle Point by on average £60k.

In summary, the prices for flatted properties have fluctuated more so across the sub region especially when monitored over the six to twelve month period. Prices of semi detached and detached properties have generally been more stable. Prices have been stronger in the eastern compared to the western half of the sub region.

Annual Turnover by Broad Type and Age

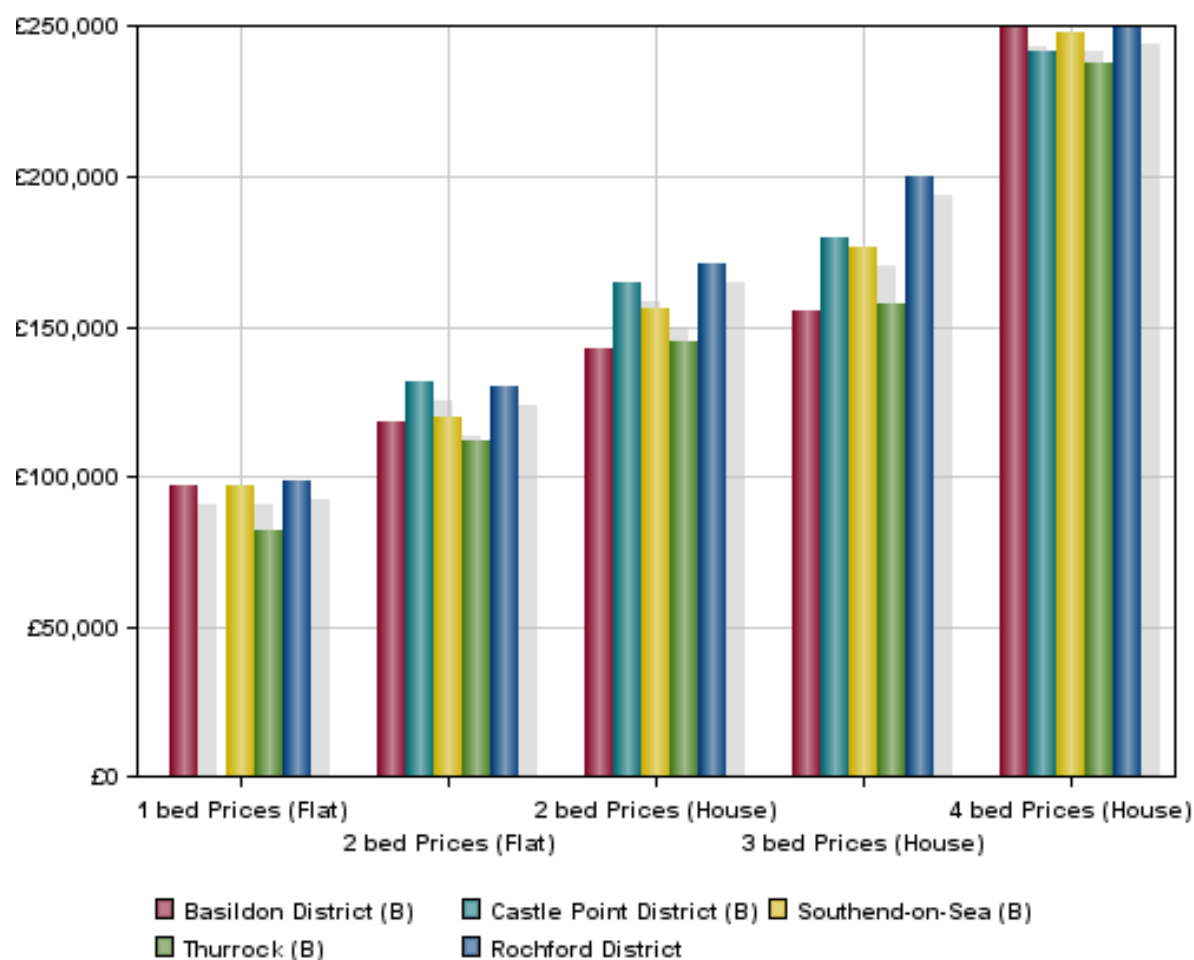
	Castle Point			
	2nd Hand House Sales	2nd Hand Flat Sales	New Build House Sales	New Build Flat Sales
2009	890	77	10	34
2010	917	79	8	23
2011	873	58	22	11
2012	947	74	10	5
2013	23	1	Not available	Not available

As a Proportion of Overall Property

	Castle Point	
	Overall property price bands	
2009	2.70%	
2010	2.70%	
2011	2.60%	
2012	2.80%	
2013	0.10%	

The above tables show the total volume of housing turnover in Castle Point, 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. Turnover remains steady at 2.70%, however, it is still significantly down from pre 2008 figures which were in excess of 5.50% (see TGSE Housing Market Trends Quarterly Report January 2011).

Lower Quartile Price of Property by Bed Count (February 2013)

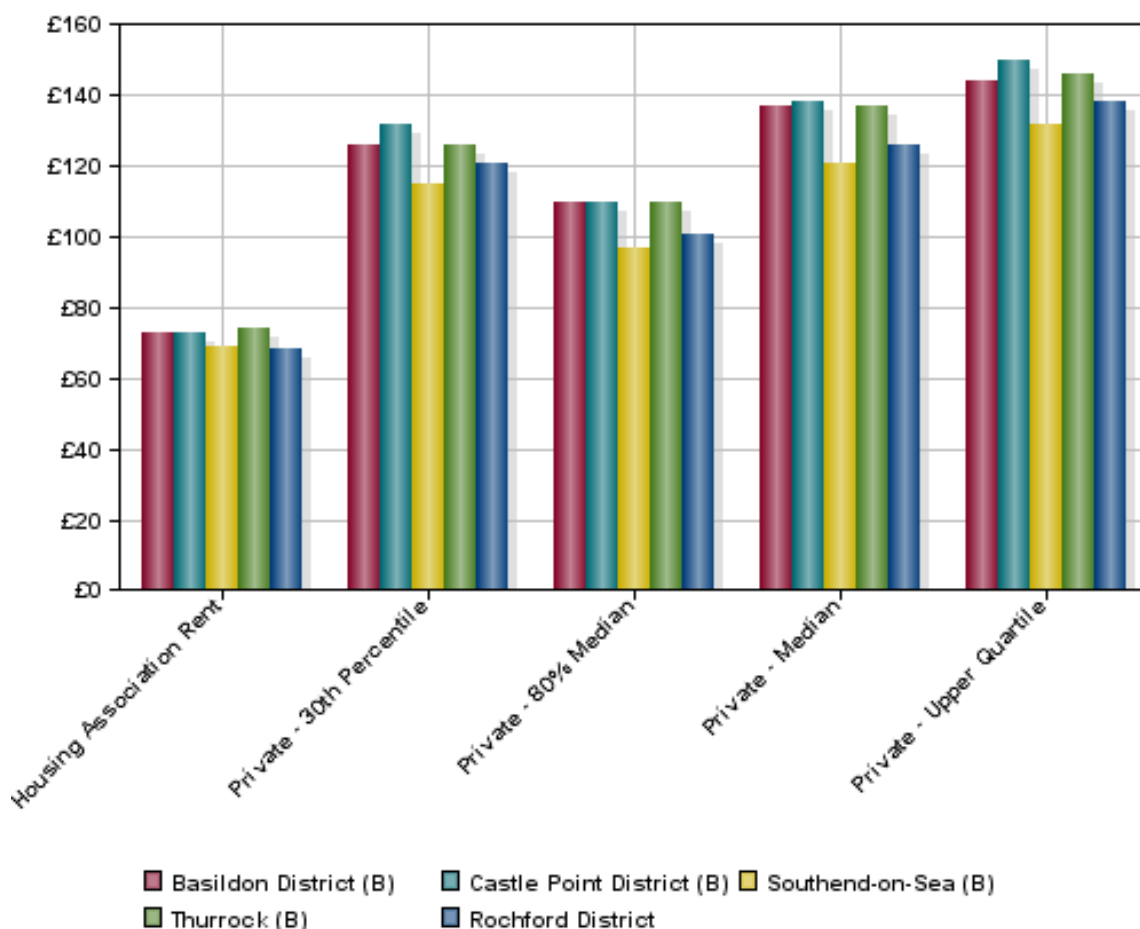


Latest Data Only For Comparison LQ (February 2013)

	Basildon (Borough)	Castle Point (Borough)	Southend- on-Sea (UA)	Thurrock (UA)	Rochford (District)
1 bed Prices (Flat)	97,000	Not Available	97,000	82,500	98,750
2 bed Prices (Flat)	118,563	132,000	119,988	112,000	130,000
2 bed Prices (House)	143,000	165,000	156,250	145,000	171,000
3 bed Prices (House)	155,000	179,500	176,625	158,000	200,000
4 bed Prices (House)	249,995	242,000	248,000	237,625	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 2013 figures. For a 1 bed flatted property the highest price was in Rochford, for a 2 bed flatted property it was in Castle Point, for 2, 3 and 4 bed properties it was in Rochford. The gap between Rochford as having the most expensive 4 bed properties compared with the rest of the sub region is closing.

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	72.9	73.1	68.8	74	68.2
Private - 30th Percentile	126	132	115	126	121
Private - 80% Median	110	110	97	110	101
Private - Median	137	138	121	137	126
Private - Upper Quartile	144	150	132	146	138
Difference between 80% Median and HA rent	37.1	36.9	28.2	36	32.8

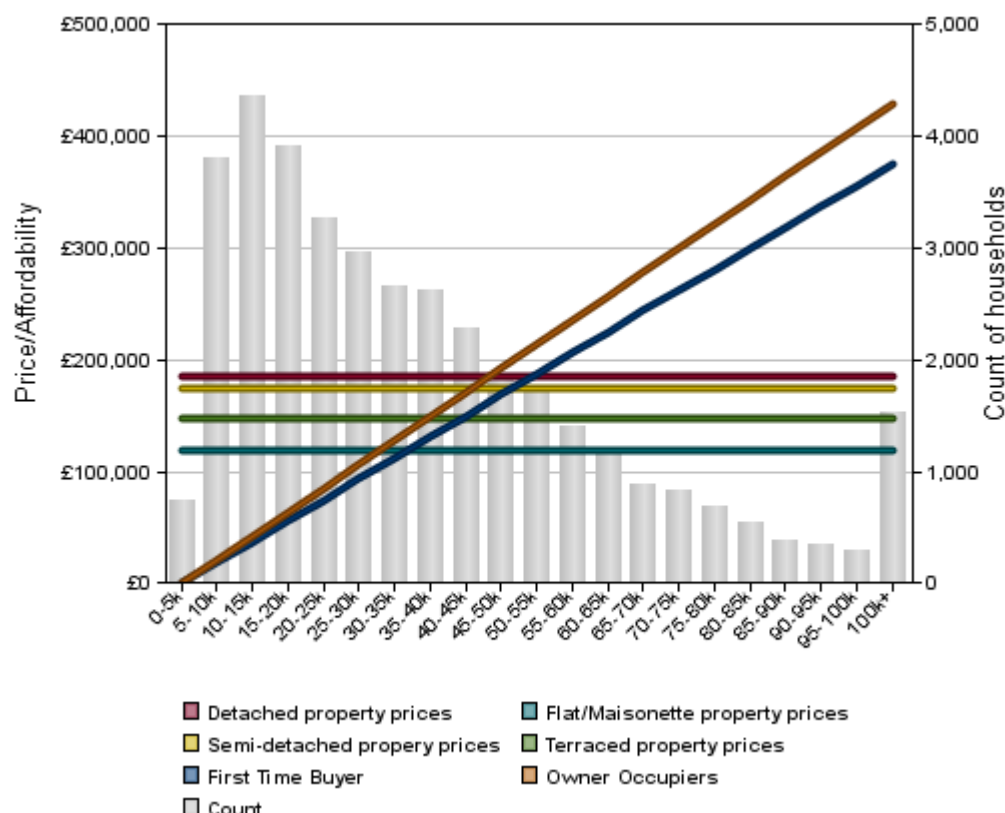
The above table and graph show the weekly cost of renting a one bed room property across a range of quartiles based on February 2013 prices. Importantly, it allows a comparison to be made between Housing Association Rent and the New Affordable Rent at 80% of market rent.

Private renting (median) is most expensive in Castle Point at £138, followed by Basildon and Thurrock at £137, Rochford £126 and Southend at £121 per week.

Rents have increased from February 2012 per week by £5 in Basildon / Thurrock, £1 in Castle Point whilst they have fallen in Rochford by £6 and remained static in Southend.

Affordability: 3.0 times income

Sample Area: Castle Point

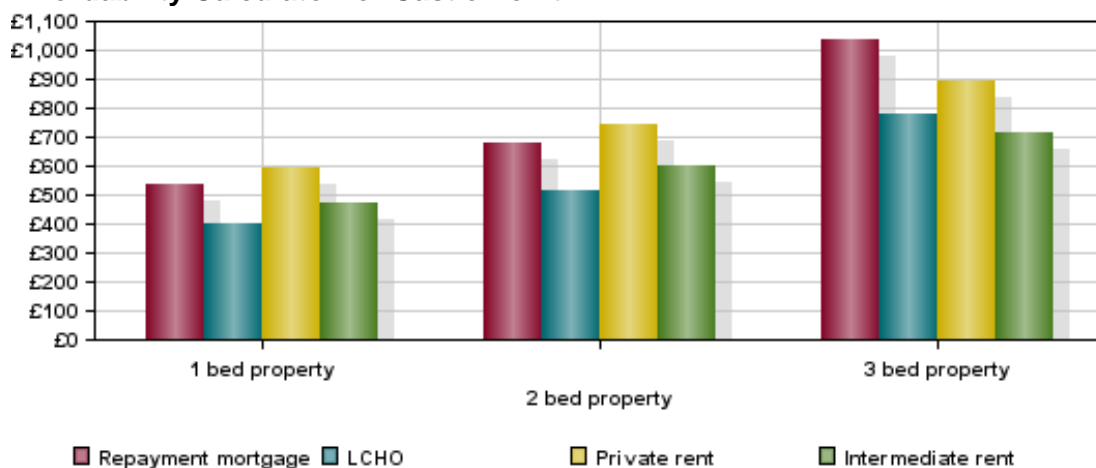


This above chart shows the number of households in different household income bands in Castle Point (bars) compared to the minimum price for different property types in the same area (horizontal lines). The diagonal lines rising from left to right show the value of property that can be afforded at different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

The chart demonstrates that a significant proportion of residents in Castle Point are priced out of the property market. For example, 57% of households cannot afford to purchase a flat as a first time buyer on a mortgage at 3.0 times their income. This rises to 64% for those wishing to purchase a terraced property and 75% for a semi detached property.

In comparison with Thurrock (see TGSE Housing Market Trends report January 2013), smaller properties were more affordable with 34% of households not being able to afford a flat, whilst for terraced properties the figure was closer to Thurrock at 62%.

Affordability Calculator for Castle Point



	Average price	Repayment mortgage	LCHO	Private rent	Intermediate rent
1 bed property	£105,000	£537	£406	£598	£478
2 bed property	£133,000	£680	£515	£750	£600
3 bed property	£202,500	£1,036	£784	£897	£718

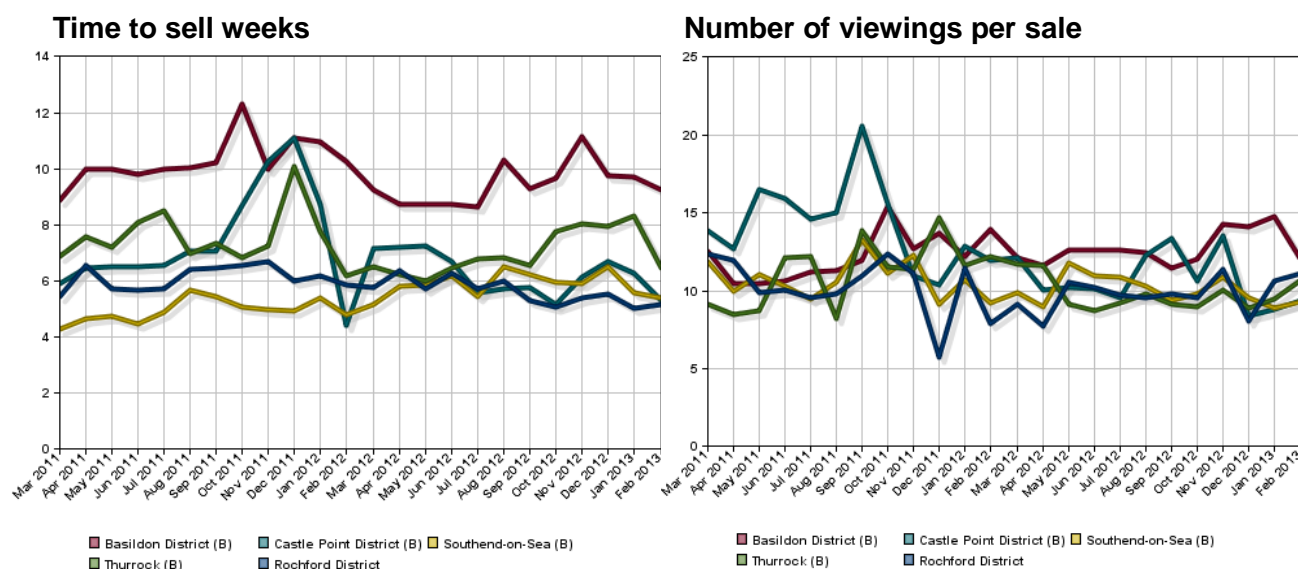
Affordability calculator for Castle Point

The information above and on the previous page 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 Castle Point, private rent is the most expensive form of tenure for 1 and 2 bed properties whilst for 3 bed properties it is a repayment mortgage. Whilst Low Cost Home Ownership remained the least expensive tenure for 2 bed properties; for 3 bed properties it was Intermediate rent.

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

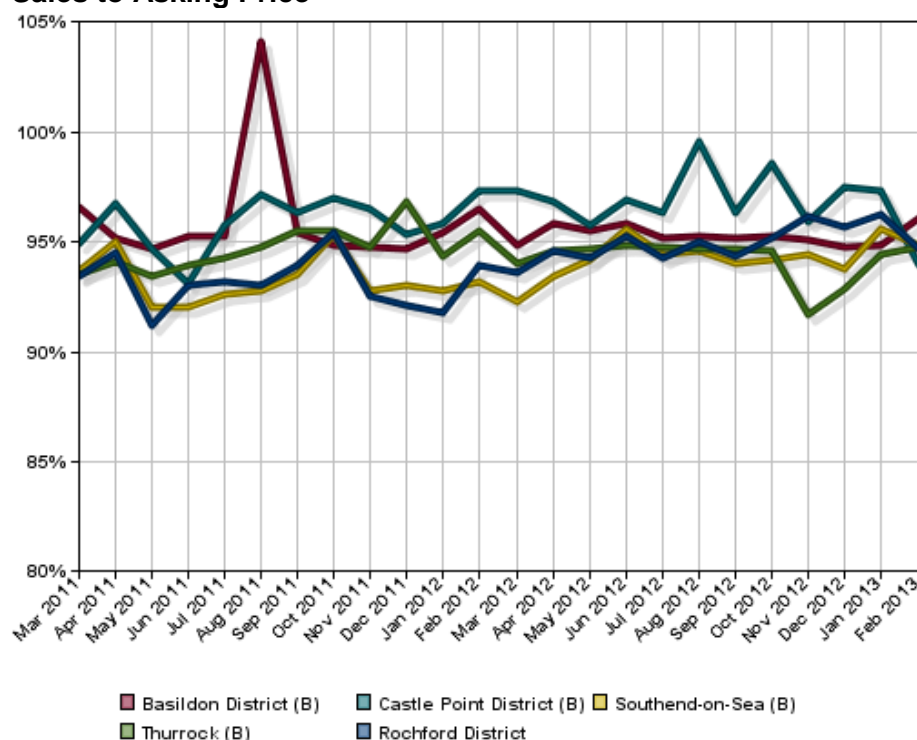
Market Indicators



The above graphs show that since December 2012 the time to sell had reduced in all five TGSE local authority areas. The time to sell in Southend, Rochford and Castle Point was nearly 50% below the England average of 9.7 weeks.

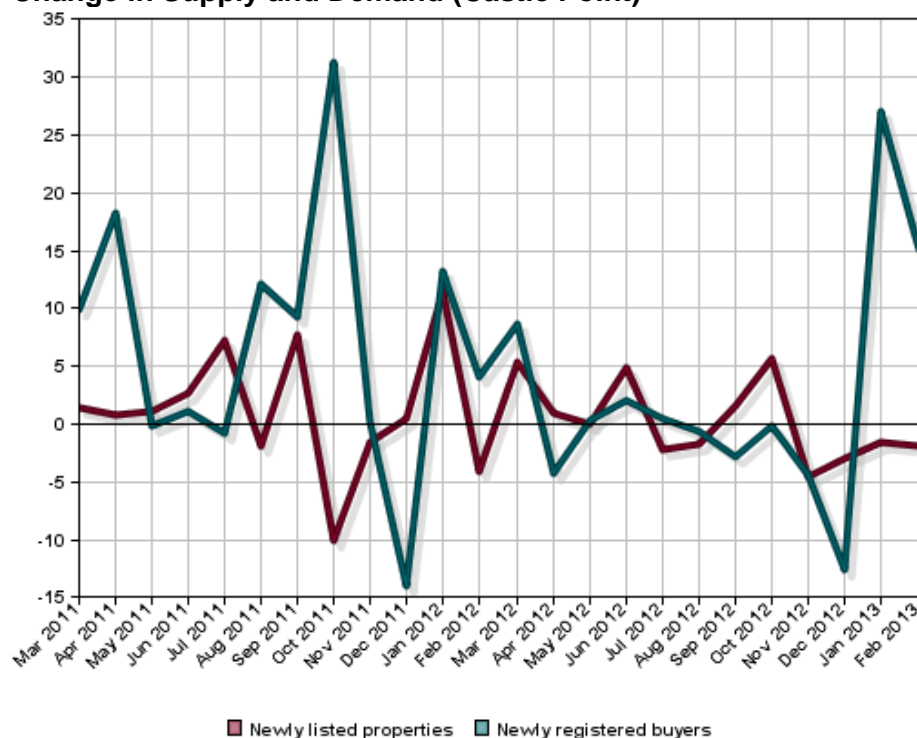
In terms of viewings per sale, whilst numbers fell in Basildon, they increased in the remaining four TGSE local authority areas.

Sales to Asking Price



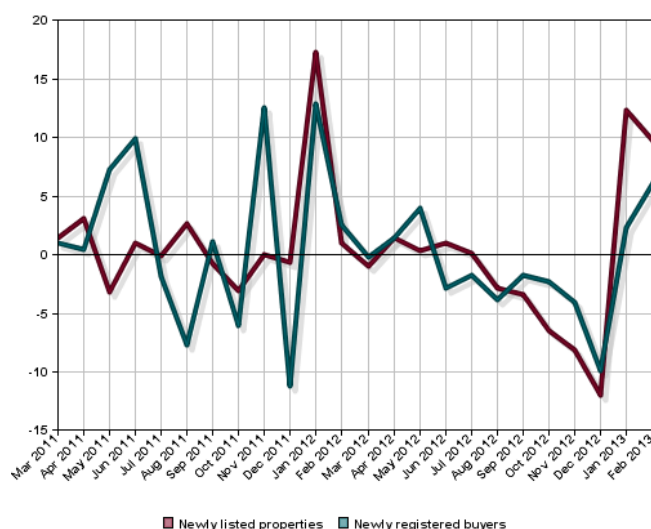
This graph shows the typical proportion of the asking price that has been achieved for all sales agreed over the month since March 2011. Since January 2013, the percentage change has increased in Basildon and Thurrock but decreased in the other three TGSE local authority areas. This could be because prices in Basildon and Thurrock have been weaker in comparison to the rest of the sub region.

Change in Supply and Demand (Castle Point)



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 in Thurrock. Since December 2012, there was a seasonal uplift in newly registered providers which has dropped off in January / February. The number of newly registered properties has remained low, suggesting a relatively inactive housing market.

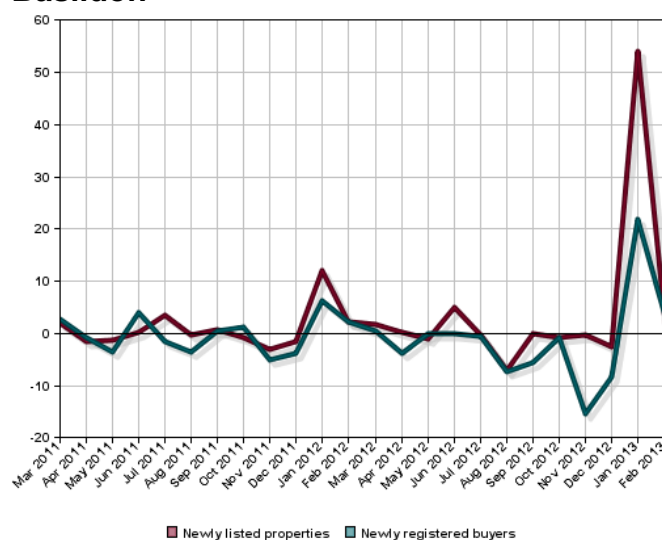
Thurrock



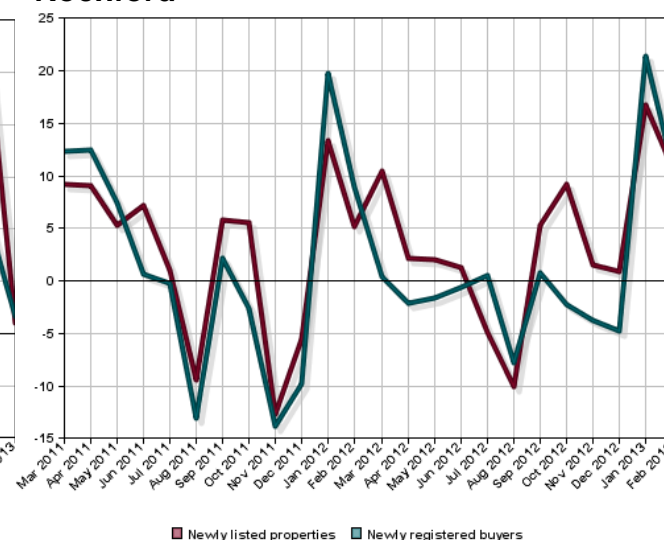
Southend



Basildon



Rochford



The picture for the rest of the sub region shows both similarities and differences; since December 2012 there was a seasonal increase in newly registered buyers which later fell away across the sub region with the exception of Thurrock. Newly listed properties followed the same trend with the exception of Southend. For Basildon, the number of newly listed properties increased by over 50% but declined sharply later.

Scarcity of supply and rising demand boost prices

Summary	Jan-13	Feb-13	Mar-13	Change
Monthly price change (%)	0	0.1	0.3	▲
% change in new buyers registering with agents	-9.9	14.3	4.6	▼
% change in volume of property listing	-6.8	8.7	3.9	▼
% change in sales agreed	-13	25.4	12.1	▼
Average time on the market (weeks)	9.9	9.7	9.5	▼
% of the asking price being achieved	93.1	93.4	93.5	▲
% postcode districts with price increase over month	5.4	14.8	23.9	▲
% postcode districts with price decrease over month	16.2	8.0	4.7	▼

Results at a glance

- House prices up 0.3% in March - the highest growth since March 2010.
- The impetus for growth came from London where prices rose by 0.7% in the month - the highest increase in the capital since Feb 2010.
- Pricing levels have been improving across the country. House prices were down in only one region - the North East - compared to January and February when prices were lower in four and three regions respectively.
- The strongest house price growth outside London was seen in the South East (0.2) and East Anglia (0.2) (see table 2).
- Prices were up across 23.9% of the country. In London 60% of postcodes saw a price increase in March (see figure 1). Across the rest of England and Wales prices rose across a fifth of postcodes - the highest number for three years.
- Supply over the last two months has grown by 13%, but by just 3.5% over the last six. Demand meanwhile, has risen by 19% in the last two months, slightly lower than the same period in 2012 (22.5%).
- The time on the market in London now stands at 4.9 weeks - the lowest level since October 2007 (4.4 weeks). Across the Midlands and Northern regions the time on the market averages 11.8 weeks (see figure 3).
- In London the proportion of asking price achieved is 95.3% - its highest level since August 2007. In the South the ratio stands at 94.3% - the highest level since July 2010 when it was 94.4%. Across the rest of the country the figure stands at around 93%, a level consistent with broadly static prices (see figure 2).
- Looking ahead the Funding for Lending Scheme, together with recent budget initiatives aimed at both funding and housing will act as yet more support to property prices.

Figure 1

The proportion of the asking price achieved has moved up to 93.5%. Increases would indicate some recovery of prices.

The time on the market has registered another decrease to 9.5 weeks with some major regional variations.

Time on market and % asking price achieved



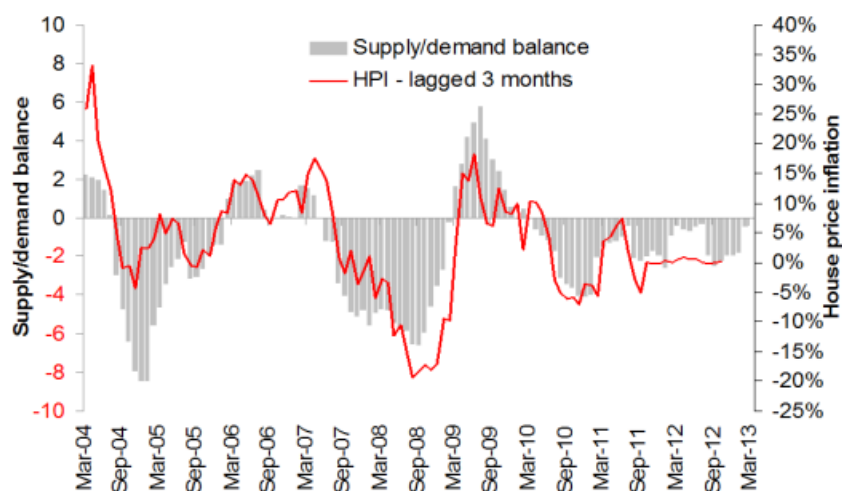
Source: Hometrack – Monthly house price survey

Figure 2

The balance between supply and demand leads underlying house price changes by 3 months.

The improved balance over the first half of 2011 led an improvement in the underlying rate of growth.

Supply demand balance leads price changes by 3 months



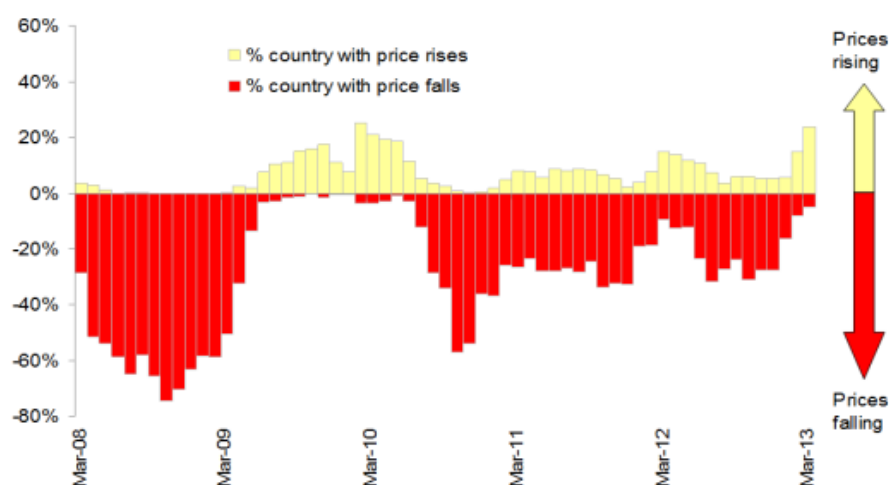
Source: DCLG and Hometrack – Monthly house price survey

Figure 3

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 4.7% of postcodes in March 2013, compared to 8.0% in February 2013.

Proportion of country registering higher and lower prices



Source: Hometrack – Monthly house price survey

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-04	130,000	150,000	123,000	130,000	165,000
Feb-05	135,000	154,950	128,000	133,995	172,000
Aug-05	137,000	155,000	128,000	139,000	170,000
Feb-06	138,000	158,000	130,000	139,000	170,000
Aug-06	143,000	159,995	135,000	141,000	175,000
Feb-07	146,000	163,500	140,000	145,000	179,995
Aug-07	150,000	174,000	145,000	147,500	187,655
Feb-08	156,000	174,500	145,000	148,000	195,000
Aug-08	157,500	170,000	145,000	150,000	190,000
Feb-09	147,500	160,000	135,000	145,000	175,000
Aug-09	140,000	156,000	139,000	136,000	172,000
Feb-10	143,000	160,000	145,000	140,000	177,950
Aug-10	152,000	170,000	150,000	147,000	185,000
Feb-11	150,000	166,500	148,000	146,000	187,000
Aug-11	150,000	165,000	149,000	142,000	185,000
Feb-12	150,000	170,000	149,995	142,500	180,000
Aug-12	150,000	165,000	145,000	140,000	187,000
Feb-13	145,000	170,000	150,000	144,500	185,000
Change Feb 12 Feb 13	-5,000	0	5	2,000	5,000
Change Peak – Feb 2012	-12,500	-4,500	5,000	-5,500	-10,000

Red – Denotes peak prices before recession

Source: Hometrack Housing Intelligence System



For further information, please contact:

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