

Thames Gateway South Essex

Housing Market Trends

Quarterly Report

July 2009

House Prices, Affordability & Market Indicators

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Introduction

This report monitors the latest trends (May 2009) in house prices, rent and other market indicators based on Hometrack's online Housing Intelligence System (www.hometrack.co.uk). It looks at changes in lower quartile house prices and property count 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. A snapshot of the housing market in Southern England is attached at appendix 1. Changes in house prices for TGSE local authority areas are tabled in appendix 2.

Key trends

National Trends

- Overall house prices in England & Wales have broadly remained unchanged over the last two months.
- Rising sales volumes together with a dwindling supply of housing for sale and a continued increase in demand are underpinning price levels.
- In the last 6 months the volume of buyers in London and the South East have seen a respective 52% and 46% rise in demand while the number of homes for sale has only seen a 5.6% increase in London alone.

Housing prices (lower quartile)

- Over the last year (April 2008 – May 2009) house prices in the sub region, in line with national trends, fell in Basildon by £20,442, Rochford £20,005, Castle Point £15,000, Thurrock £14,000 and Southend £7,500.
- Over the last two months (April – May 2009) house prices have risen in Castle Point and Basildon, but continued to fall in Southend, Rochford and Thurrock.
- As of May 2009, the highest overall lower quartile property price was in Rochford at £175k, followed by Castle Point £155k, Southend £138k, Basildon £137k and Thurrock £135k.
- Prices in Castle Point and Rochford are consistently higher than in the other three local authority areas for 1-3 bed properties.
- Prices in Rochford for 4 bed properties at £230k are the highest in the sub region.

Cross Tenure

- The weekly cost of renting from a Housing Association is significantly lower than other tenures with the highest rent in Rochford at £70.20 and the lowest in Basildon at £59.70.
- Basildon and Castle Point are the most expensive areas to rent property at £132k per week.
- Intermediate renting is the cheapest in Southend by as much as £18, at £92 per week.
- The weekly cost of buying a one-bed property is more expensive in Castle Point and Rochford by as much as £34 per week.
- Intermediate renting is more expensive than buying a new Build Homebuy property.

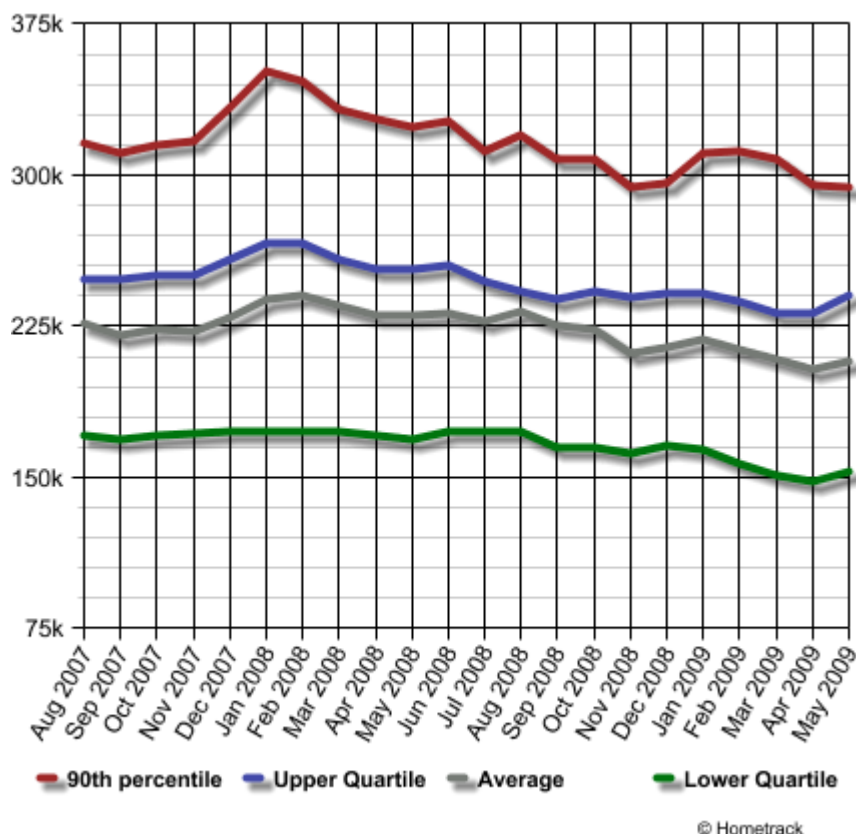
Affordability

- Lack of affordable housing remains a significant issue across the sub region, where for example in Basildon on average 37% of first time buyers cannot afford a flat or maisonette based on a mortgage at 3.0 times their income.

Market Indicators

- There has been a dramatic fall in the property count, down as much as two-thirds over the last 12-month period.
- The average time to sell a property in weeks, whilst initially falling, has risen over the recent months.

Overall change in house prices



The chart shows the average property price over time for all types of housing using Castle Point Borough Council as a sample area, which reflects the general trend nationally. It compares the lower quartile house price to the average price, the upper quartile price and the price at the 90th percentile over time.

Overall house prices have broadly remained unchanged over the last two months. Although, there have been variations between different TGSE Local authority areas as summarised below:

Local Authority	Change in House prices April – May 2009
Castle Point	A growth in house prices in all ranges except in the 90 th percentile range.
Basildon	A growth in house prices in all ranges except in the lower quartile range.
Southend	A negative growth in all ranges except in the upper quartile range.
Thurrock	A Negative growth across all ranges.

Further analysis shows that where there has been a price increase; this has been in terraced / semi detached properties, whilst the price of flats / maisonettes / detached properties continue to decline.

Hometrack's Director of Research commented in July 2009: "rising sales volumes together with a dwindling supply of housing for sale and a continued increase in demand are underpinning prices levels".

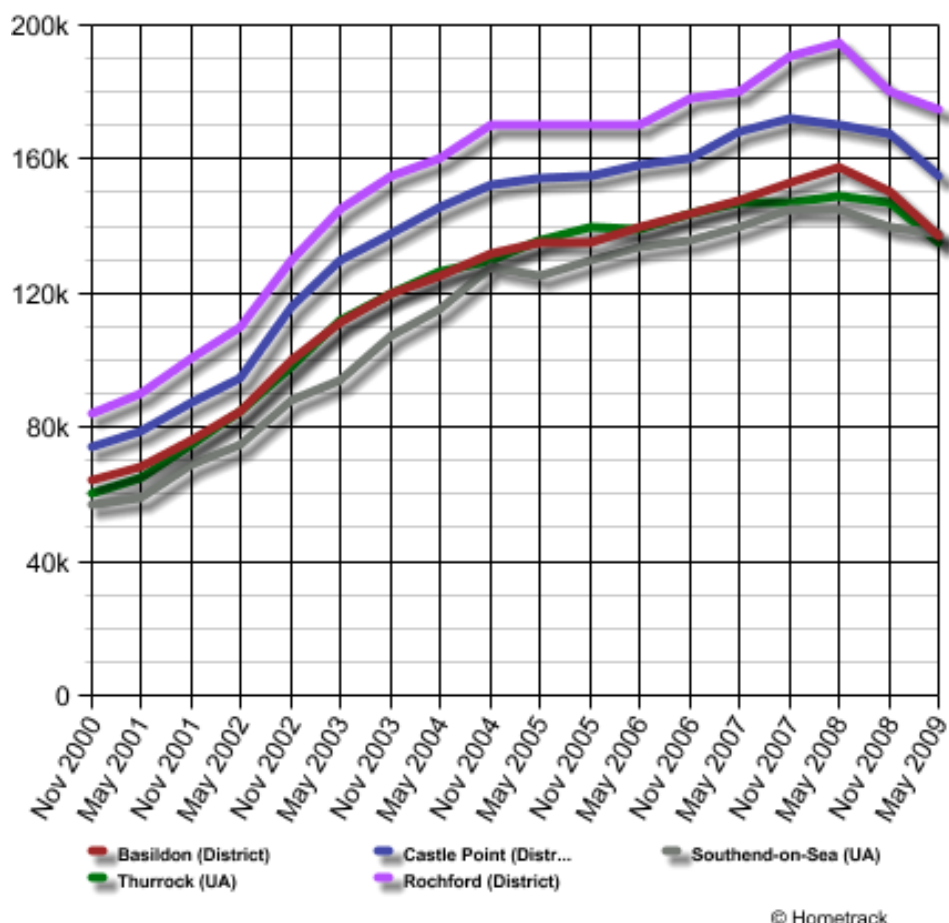
Further analysis reveals that in the last 6 months the volume of buyers in London and the South East have seen a respective 52% and 46% rise in demand. This compares with only a 19% increase in Wales and 20% increase in the North East. Growth in the number of homes for sale has only seen a 6.4% increase in England and Wales. A pick up in sales has continued into the month of June.

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.

Please note because the figures are based on an average over 6 monthly intervals, the more recent levelling out of house prices in the last two months are not reflected. Further, Lower quartile prices have been slower to respond to changes in the overall housing market compared to upper quartile and 90th percentile.

Lower Quartile price –overall

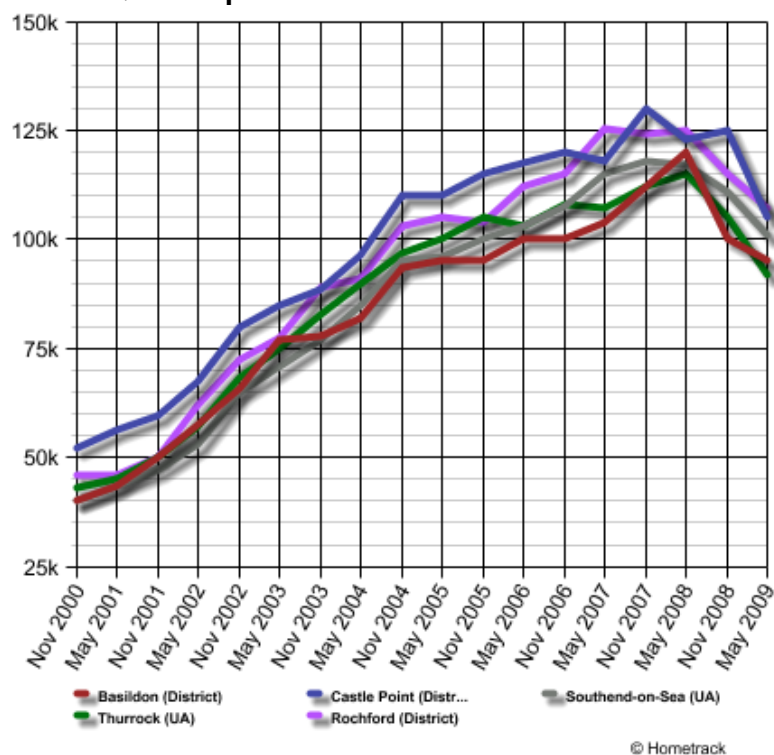


The above chart shows the overall lower quartile property prices by local authority area in TGSE.

In May 2009 the highest overall property price was in Rochford £175k, followed by Castle Point £155k, Southend £138k, Basildon £137k and Thurrock £135k.

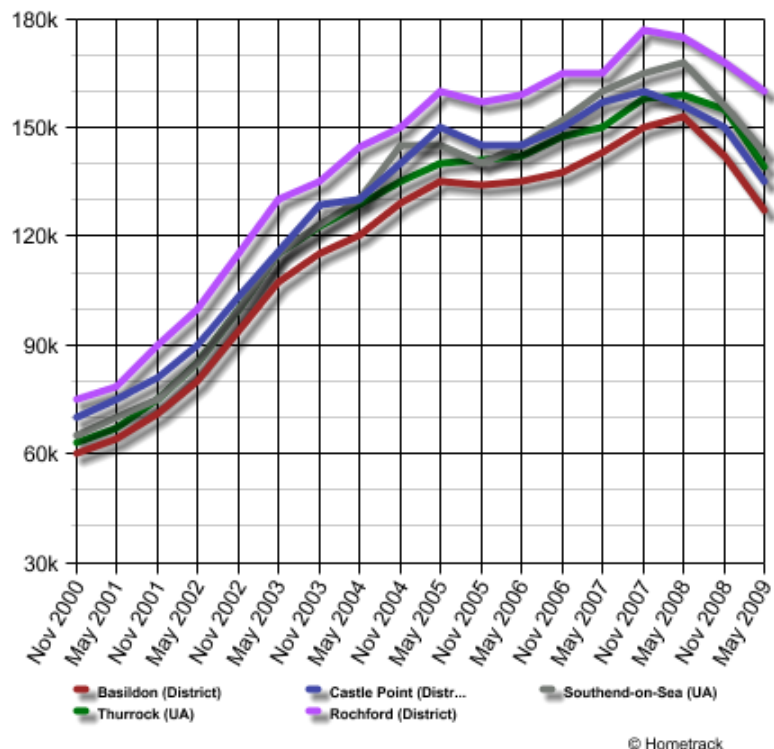
The steepest decline between April 2008 – May 2009 has been in Basildon (£20,442), followed by Rochford (£20,005), Castle Point (£15,000), Thurrock (£14,000) and Southend (£7,500). In the previous TGSE Housing Market Trends Report, April 2009, the steepest decline was recorded in Rochford; which may reflect the higher priced properties north of the A127 that have fallen more rapidly.

Lower Quartile price – Flat / Maisonette



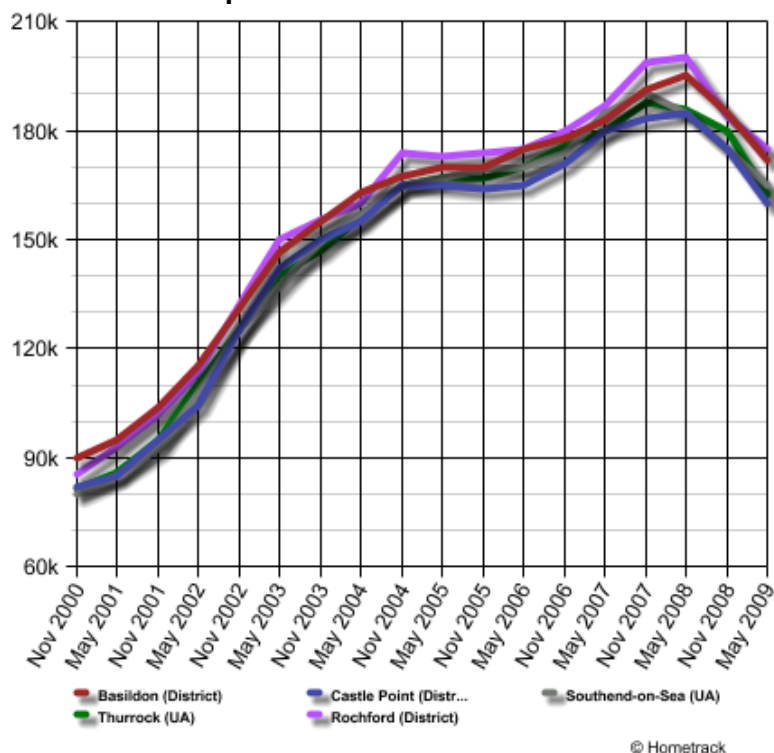
The above chart shows lower quartile prices for flat / maisonette properties. Whilst prices have fallen across the sub region, the steepest decline has been in Basildon (£25k).

Lower Quartile – Terraced Properties



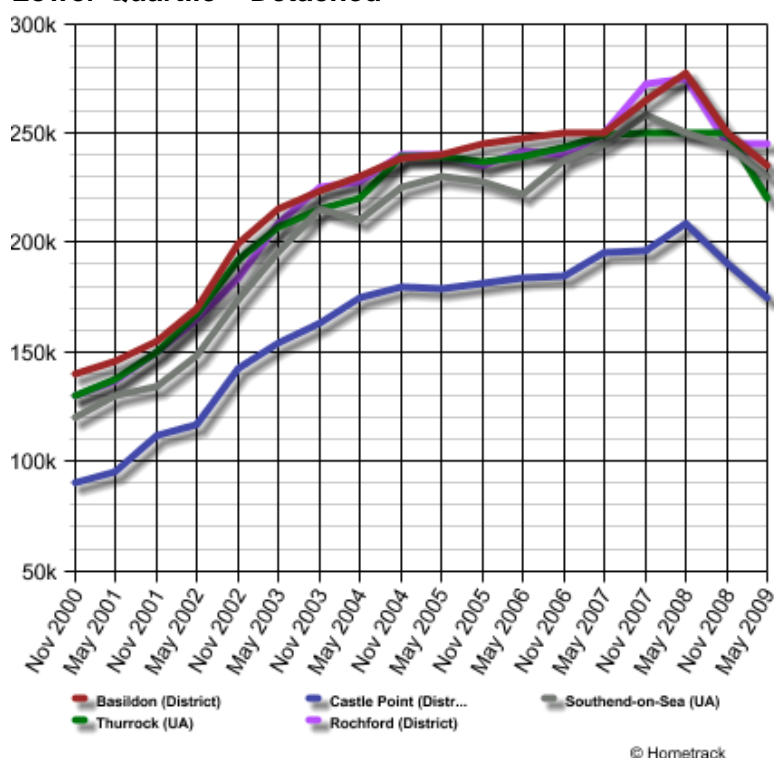
The prices of lower quartile terraced properties have all been declining with the steepest decline, again, in Basildon (£26k), followed by Southend (£25k). The earlier resilience experienced in Basildon is no longer true.

Lower Quartile price –semi detached



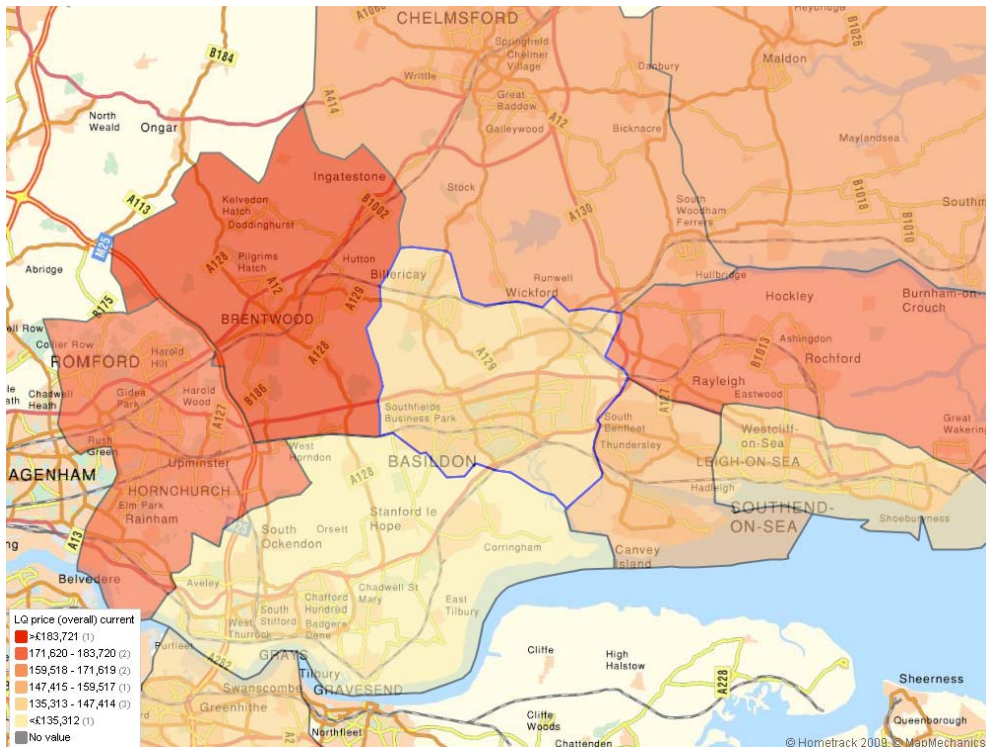
Prices of semi-detached properties across the sub region follow a broadly similar pattern of decline. Semi detached properties in all five local authorities have experienced a similar loss in value of around £25k since their peak in 2008.

Lower Quartile – Detached



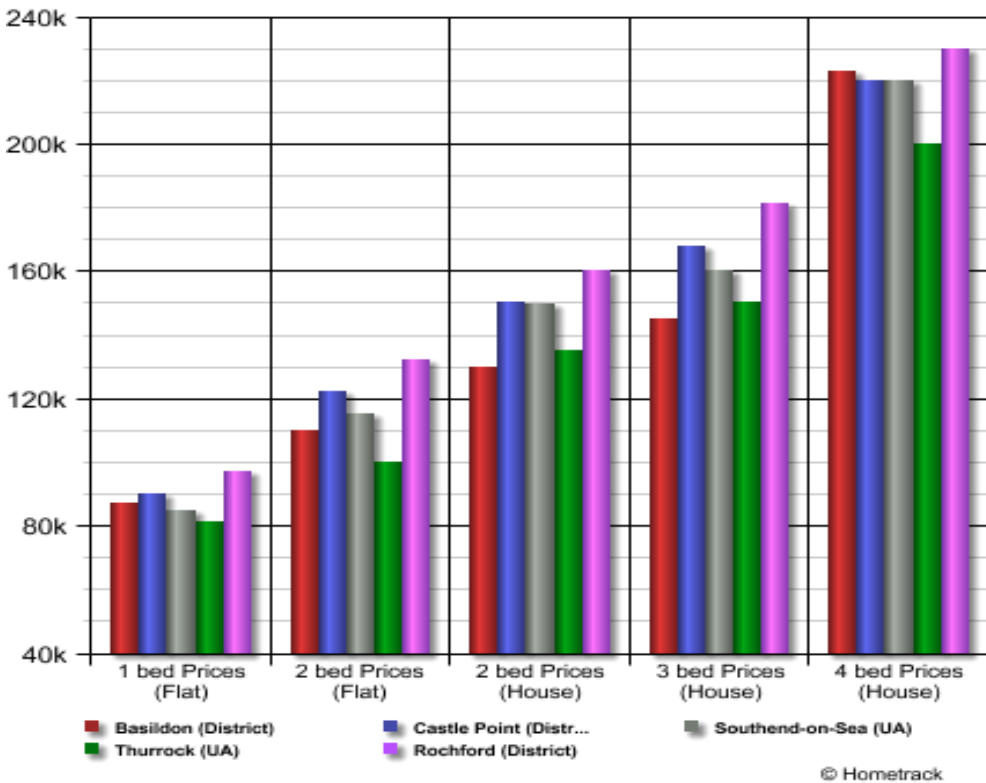
The graph shows a mixed picture with the steepest fall in detached property prices again in Basildon (£42.5k), followed by Castle Point (£34k), Rochford / Thurrock (£30k) and Southend (£20k), followed by Basildon (£22.5k). The graph shows the decline in Rochford as tapering off, whilst the decline in Basildon and Castle Point appear to have accelerated. There has been some resilience in Southend, which has experienced the lowest overall fall in prices.

Lower Quartile housing prices overall (May 2009)



The theme shows the current lower quartile prices of all types of property. Data is derived from the average value for the 12-month period (April 2008 to May 2009). Residential property continues to provide good value in the TGSE sub region when compared to the price of properties in the neighbouring London Commuter Belt (Romford and Brentwood).

Lower quartile price of property by bed count (May 2009)

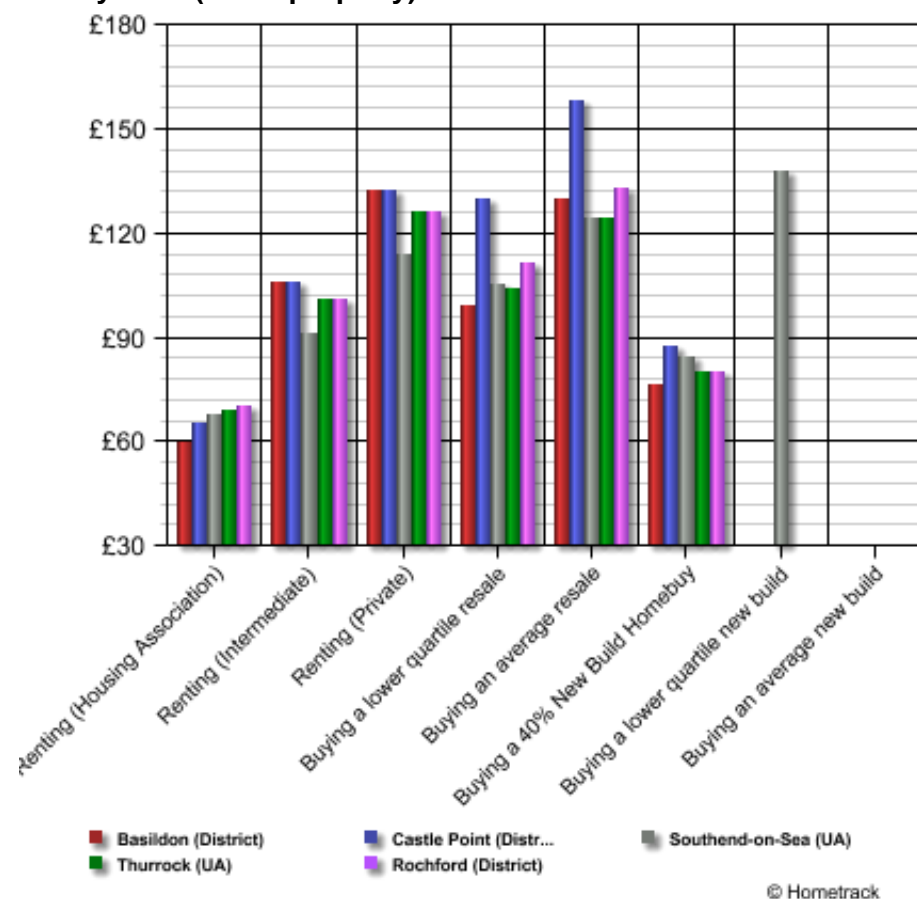


Latest data only for comparison LQ (May 2009)

	Basildon (District)	Castle Point (District)	Southend-on- Sea (UA)	Thurrock (UA)	Rochford (District)
1 bed Prices (Flat)	87,000	90,000	85,000	81,000	97,000
2 bed Prices (Flat)	110,000	122,000	115,000	100,000	132,000
2 bed Prices (House)	130,000	150,000	149,995	135,000	160,000
3 bed Prices (House)	145,000	168,000	160,000	150,000	181,000
4 bed Prices (House)	223,000	220,000	220,000	200,000	230,000

The above graph and table show the lower quartile price of property by bed count in TGSE based on May 2009 figures. Prices in Castle Point and Rochford are consistently higher than in the other three local authority areas for 1-3 bed properties. However, 4 bed property prices in Rochford are the highest in the sub region reflecting the different housing sub markets in TGSE. Previously, in the TGSE Housing Market Trends Report, April 2009, lower quartile 4 bed properties were the highest in Basildon.

Weekly Cost (1 bed property)

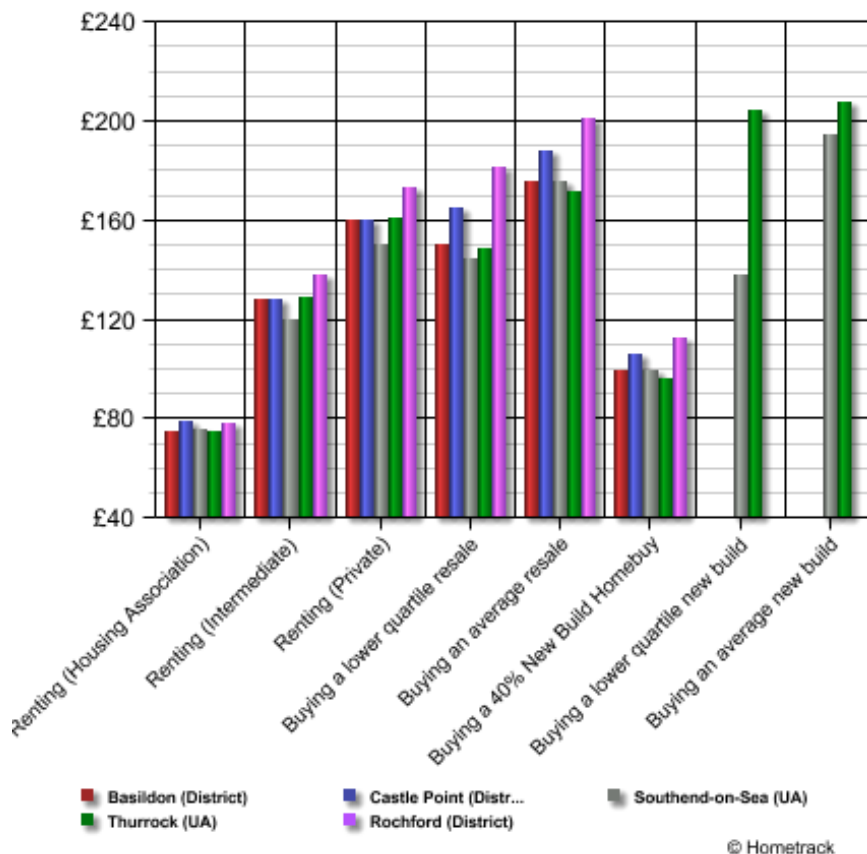


The chart compares the weekly cost of a one bed property across different tenures and has been analysed as follows:

- The weekly cost of renting from a Housing Association is significantly lower than other tenures with the highest rent in Rochford at £70.20 and the lowest in Basildon at £59.70.
- Private renting is most expensive in Basildon and Castle Point at £132 per week respectively, followed by Thurrock and Rochford at £126. Intermediate renting is the cheapest in Southend by as much as £18, at £92.
- The weekly cost of a one bed property based on an 85% mortgage (for both lower quartile and average resale) is considerably more expensive in Castle Point by as much as £34 when compared with the cheapest local authority areas of Southend and Thurrock.

- It is more expensive to rent on an intermediate basis in all five local authority areas compared to buying a New Build Home Buy property.
- The weekly cost of intermediate and private renting compared with February 2009 prices (see TGSE Housing Market Trends report Q4) has gone up by as much as £12, whilst the cost of buying a resale property or a new Build Homebuy property has gone down by as much as £30.
- Information for new build properties is only available in Southend.

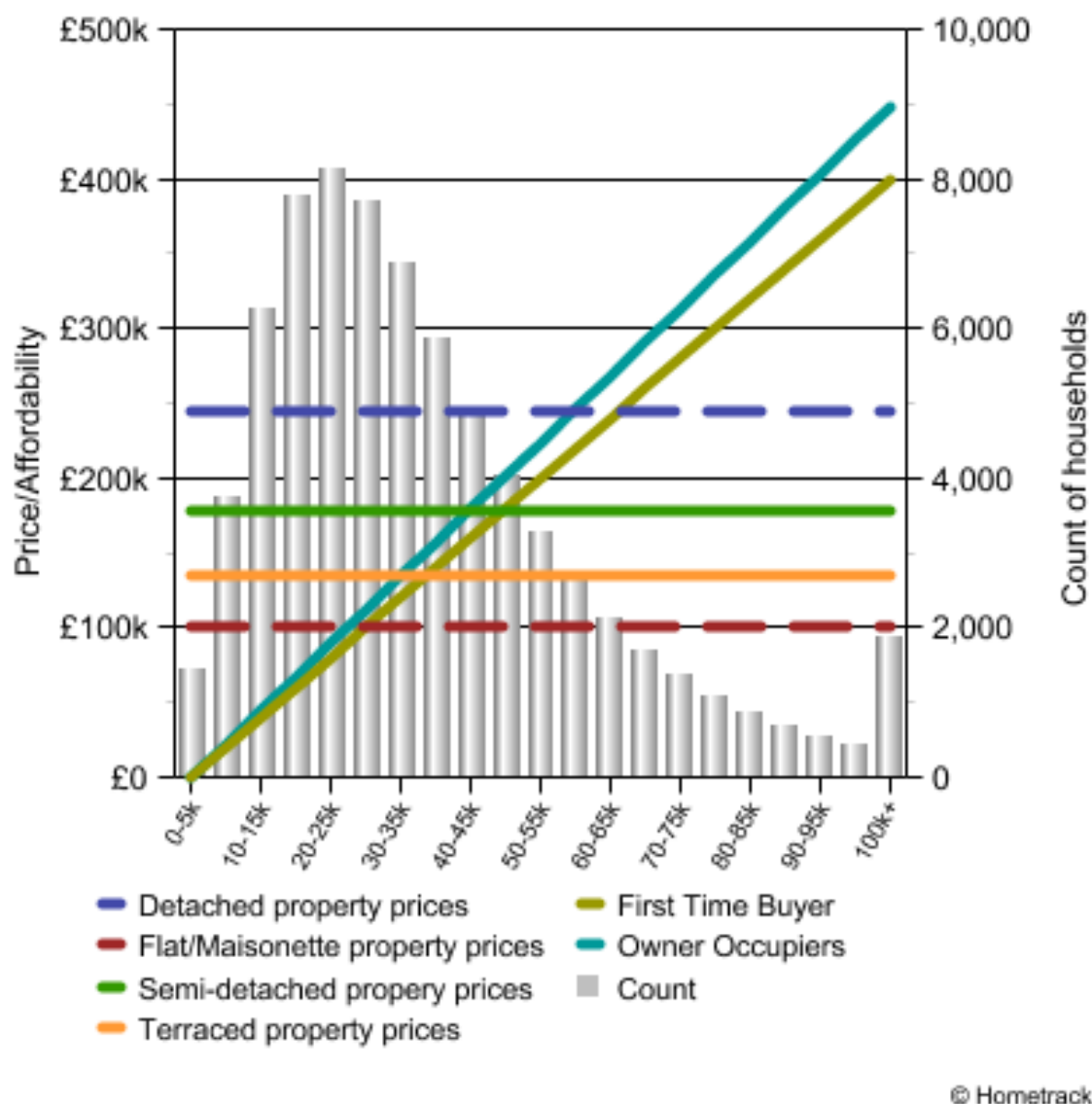
Weekly Cost (2 bed property)



The above chart depicts the same information but for 2 bed properties.

- Castle Point is marginally more expensive than the other four Local Authority areas for renting through a Housing Association.
- Housing in Rochford is consistently more expensive across the different tenures to buy or rent other than renting through a Housing Association.
- Buying a lower quartile new build and an average new build is more expensive in Thurrock than Southend (no information is available to make a comparison with Basildon, Castle Point or Rochford).

Affordability: 3.0 times income
Sample area: Basildon

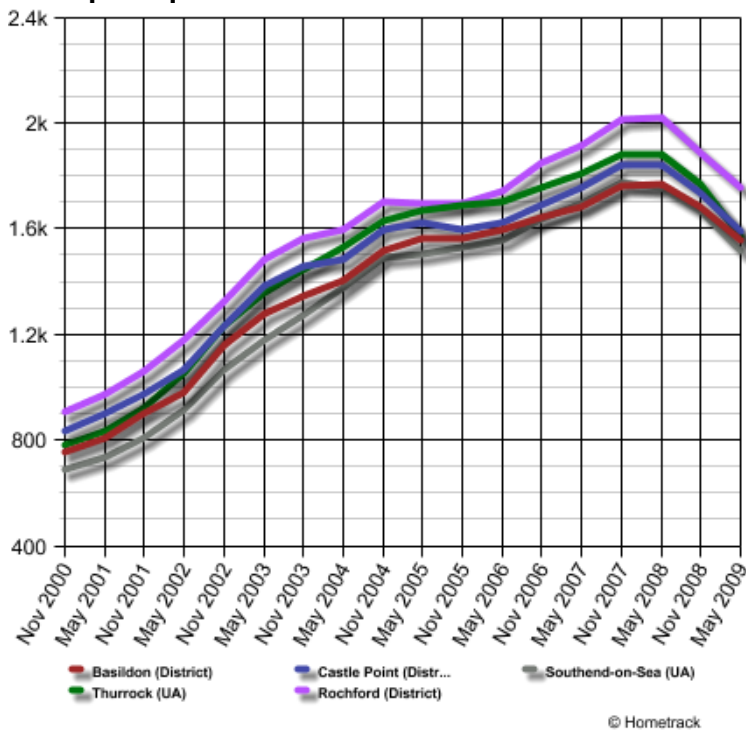


This chart shows the number of households in different household income bands in the Basildon (bars) compared to the minimum price for different property types in the same area (horizontal lines). The diagonal lines rising from left to right show the value of property that can be afforded at different income multiples by a first time buyer and former owner-occupier. The affordability calculations are based on a multiple of the average household income adjusted by the average loan to value for the different types of buyer. The house price data is based on data from the Hometrack Automated Valuation Model and the incomes data is supplied by CACI.

The chart demonstrates that a significant proportion of residents are priced out of the property market. For example in Basildon, 27,324 (37%) of households cannot afford to purchase a flat or maisonette as a first time buyer on a mortgage at 3.0 times their income.

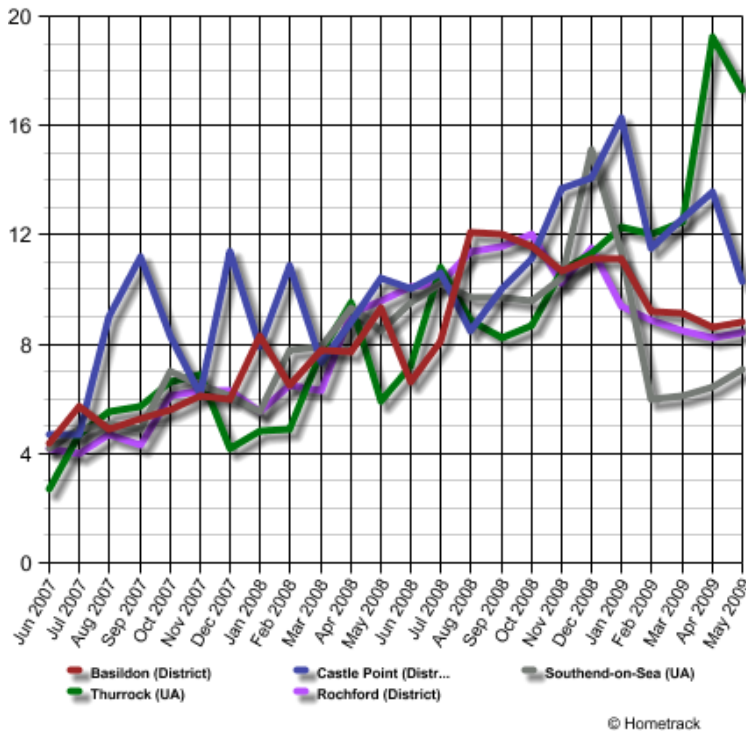
Market Indicators

Price per square metre



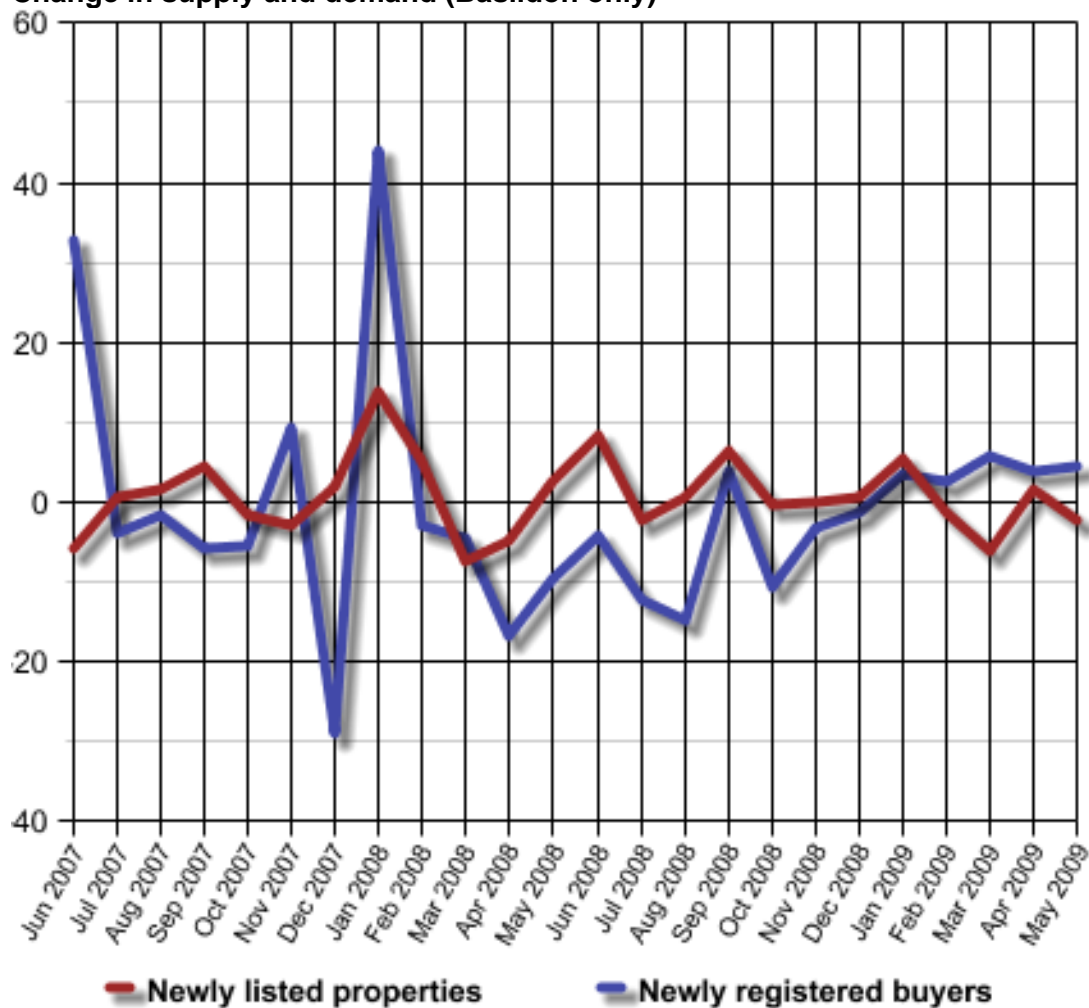
The chart shows the lower quartile property price per square metre over time for all types of housing in the area selected. Prices are consistently down across the TGSE sub region.

Time to sell weeks



The above graph shows the average time to sell a property in weeks. It shows an improvement in December 08 – February 09 where the time to sell in for example Southend fell from 15 to only 6 weeks. However, in the more recent period from February 2009 to May 2009, the time to sell has generally increased. This has also been reflected in the data showing the sales to asking price and new buyer registrations.

Change in supply and demand (Basildon only)



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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. It shows that from December 2008 there was a positive small gain in newly registered buyers and a similar gain in newly listed properties. However from February 2009 onwards, the gain in newly listed properties turned negative. This demonstrates the fragile state of the housing market and confirms that the small recovery experienced in the 3rd Quarter of 2008/09 may not be sustained in Quarter 3 of 2009/10.

Appendix 1 – Housing Snapshot for Southern England (by Hometrack)

Scarcity of housing props up house prices Growth in demand for housing strongest in southern England.

Summary	Apr-09	May-09	Jun-09
Monthly price change (%)	-0.3	0.0	0.0
12 month price change (%)	-10.1	-9.6	-8.7
% change in new buyers registering with agents	6.0	6.0	4.6
% change in volume of property listings	1.6	-0.2	0.8
% change in sales agreed	14.9	9.4	6.4
Average time on the market (weeks)	10.4	9.9	9.4
% of the asking price being achieved	89.6	90.3	91.0
% postcode districts with price decrease over month	32	13	3

Rising sales volumes, dwindling supply and continued increase in demand...

For the second month in a row, house prices remained unchanged in June. Rising sales volumes together with a dwindling supply of housing for sale and a continued increase in demand are underpinning pricing levels.

The last 6 months have seen the volume of buyers grow by 36%, this compared to a 6.4% increase in the number of homes for sale. In London, the increase in demand for housing (+52%) has been almost tenfold compared to the growth in the supply of homes for sale (+5.6%).

A pick up in sales also continued this month. The latest survey shows that volumes were up in June by 4.6%, the fifth month in a row. Since the start of the year sales have risen by over 80% - albeit off a low base.

And the other lead indicators...

Other leading market indicators reflect an improvement in sentiment with the average time on the market down to 9.4 weeks from a recent high of over 12 weeks in January 2009.

The proportion of asking price being achieved has also increased - for the fourth month in a row - from 88.3% in February 2009 to the current 91%.

New buyer registrations rose by 4.6% in June but were down compared to the previous 2 months. A trend likely to continue as we head towards the summer.

Across the country...

On a regional basis the increase in demand over the last 6 months has not been uniform with a clear split between southern England and the rest of the country. London and the South East have seen a respective 52% and 46% rise in demand over the first half of the year compared to a 19% increase in Wales and a 20% rise in the North East.

This month's survey was based upon 6,160 responses from 1,802 agents and surveyors across all 2300 postcodes in England and Wales.

Appendix 2 – House price by local authority area

Basildon (District)

	90th percentile	Upper Quartile	Average	Lower Quartile
May-08	361,500	254,166	227,405	157,500
Jun-08	384,833	262,500	232,749	155,166
Jul-08	375,166	263,333	235,866	155,500
Aug-08	373,666	258,333	233,529	154,166
Sep-08	360,333	263,333	232,429	151,666
Oct-08	378,333	261,666	229,193	148,000
Nov-08	380,000	258,333	228,783	145,333
Dec-08	386,666	251,666	225,282	141,833
Jan-09	383,333	261,666	225,435	143,500
Feb-09	366,666	255,000	219,974	142,333
Mar-09	373,333	256,666	218,257	140,666
Apr-09	348,333	243,333	211,631	136,666
May-09	355,000	250,000	215,760	136,000

Castle Point (District)

	90th percentile	Upper Quartile	Average	Lower Quartile
May-08	324,333	253,333	230,047	169,333
Jun-08	326,666	255,000	231,260	172,666
Jul-08	311,666	247,000	227,930	173,333
Aug-08	320,000	242,000	232,528	173,333
Sep-08	308,333	238,666	225,696	165,333
Oct-08	308,333	242,666	223,759	165,333
Nov-08	294,000	239,333	211,552	162,000
Dec-08	295,666	241,000	214,589	166,000
Jan-09	310,666	241,666	218,176	164,333
Feb-09	311,666	237,666	213,480	157,333
Mar-09	308,333	231,000	208,282	151,333
Apr-09	295,000	230,998	203,639	148,000
May-09	294,333	239,998	207,983	153,333

Rochford (District)

	90th percentile	Upper Quartile	Average	Lower Quartile
May-08	386,920	284,333	260,503	194,333
Jun-08	398,333	285,500	264,930	198,500
Jul-08	416,666	294,500	267,214	193,816
Aug-08	400,000	285,419	257,819	187,816
Sep-08	376,666	273,586	244,558	180,316
Oct-08	350,000	256,919	232,283	176,666
Nov-08	366,666	257,666	237,009	174,166
Dec-08	358,333	253,666	236,623	171,166
Jan-09	360,000	258,666	238,594	171,165
Feb-09	340,000	257,000	238,349	173,998
Mar-09	371,666	266,666	241,737	175,331
Apr-09	360,000	265,000	242,120	174,333
May-09	353,333	263,333	237,319	174,000

Southend-on-Sea (UA)

	90th percentile	Upper Quartile	Average	Lower Quartile
May-08	339,983	245,000	215,122	145,000
Jun-08	339,983	244,998	214,221	145,000
Jul-08	343,333	239,998	215,195	145,666
Aug-08	330,000	238,331	210,488	144,000
Sep-08	326,666	238,333	207,302	140,666
Oct-08	329,998	241,666	206,832	140,000
Nov-08	341,665	241,666	207,603	137,000
Dec-08	334,998	235,000	203,367	135,333
Jan-09	308,333	228,333	196,198	134,000
Feb-09	320,000	226,666	197,868	137,333
Mar-09	316,666	229,166	198,118	137,333
Apr-09	331,666	231,833	201,427	138,666
May-09	323,333	246,166	201,067	138,000

Thurrock (UA)

	90th percentile	Upper Quartile	Average	Lower Quartile
May-08	290,000	224,333	197,982	148,333
Jun-08	293,333	221,333	196,918	146,666
Jul-08	298,333	229,000	199,194	146,666
Aug-08	304,998	230,000	203,955	148,333
Sep-08	301,665	233,000	206,222	150,000
Oct-08	296,665	224,333	202,551	146,666
Nov-08	290,000	228,333	197,975	144,000
Dec-08	275,000	221,666	191,423	140,666
Jan-09	270,000	216,666	186,666	139,000
Feb-09	264,333	211,666	185,758	140,000
Mar-09	271,000	204,000	182,732	136,666
Apr-09	266,000	212,333	183,607	135,000
May-09	258,333	207,333	179,126	129,333

Source: Hometrack