

Thames Gateway South Essex

Housing Market Trends

Quarterly Report

October 2009

House Prices, Affordability & Market Indicators

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Basildon Council
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 **Rochford**
District Council

 **southend
onsea**
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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. 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 increased 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.
- Lead indicators are beginning to slow such as the average time to sell and the number of new buyers registering with agents.

Local House Prices (lower quartile)

- Over the last year (August 2008 – August 2009) house prices in the sub region, in line with national trends, remain down in Basildon by £15,000, Rochford £13,484, Castle Point £6,667, Thurrock £12,667 and Southend £6,000.
- Over the last two months (July – August 2009) house prices rose in Castle Point, Southend, Thurrock and Rochford, whilst in Basildon they fell.
- As of August 2009, the highest overall lower quartile property price was in Rochford at £172k, followed by Castle Point £157k, Southend £138k, Basildon £138k and Thurrock £130k.
- Prices in Rochford are consistently higher than in the other four local authority areas for 2,3 & 4 bed properties.

Cross Tenure (for a one bed property)

- 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 & Castle Point at £132k per week.
- Intermediate renting is cheapest in Southend by as much as £15, at £91 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 Rochford 46% of first time buyers cannot afford a flat or maisonette based on a mortgage at 3.0 times their income.

Market Indicators

- The building price per square metre remains consistently down across the TGSE sub region.
- The average time to sell a property in weeks has improved across all five local authority areas, however it levelled off in July and August.
- The monthly % change for newly registered buyers and newly listed properties both turned negative in July and August 2009.

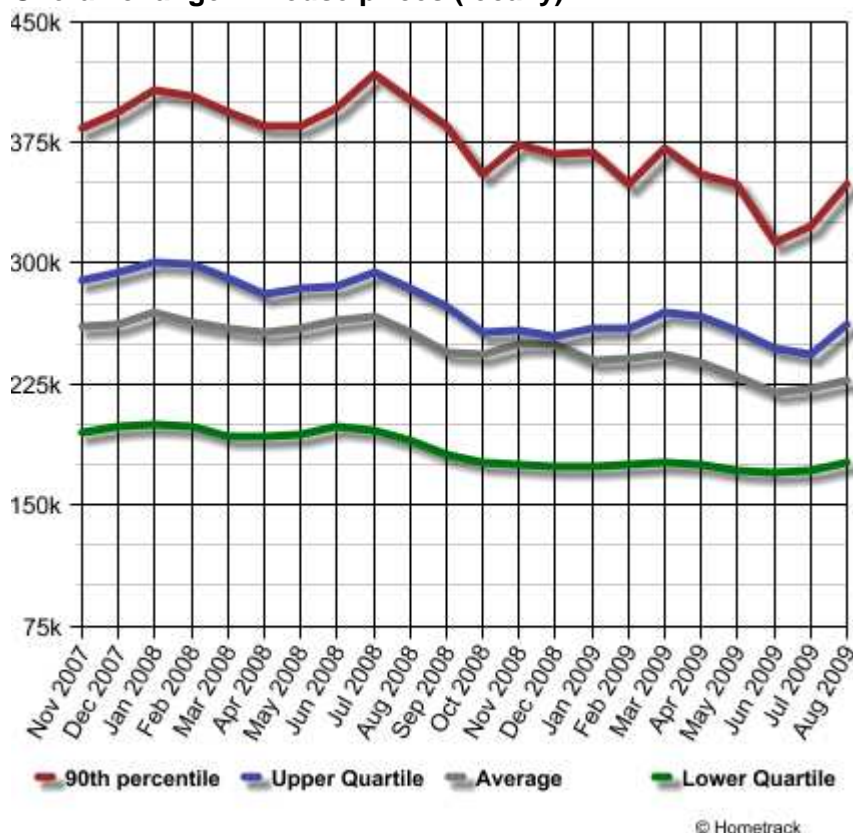
National Trends

Overall house prices in England & Wales have increased over the last two months. Prices rose by 0.2% in September 2009, the second monthly increase this year, however the year on year rate of growth currently stands at -5.6%.

According to Hometrack's Director of Research "Rising sales volumes together with a dwindling supply of housing for sale and a continued increase in demand are underpinning price levels. A general lack of supply is set to remain a feature of the housing market over the medium term, but as prices rise and sellers become more demanding, so the recent pick up may well start to moderate over the autumn."

Lead indicators such as the average time to sell and the number of new buyers registering, as evidenced in this report, signal this change. The average time on the market now stands at 8.6 weeks and the proportion of asking price achieved currently stands at 92.4%. There has also been a continuing decline in the number of new buyers registering with agents - from 8.5% in March down to a current 1.1%.

Overall change in house prices (locally)



The chart shows the average property price over time for all types of housing using Rochford District 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 increased over the last two months. Although, there have been variations between different TGSE Local authority areas as summarised below:

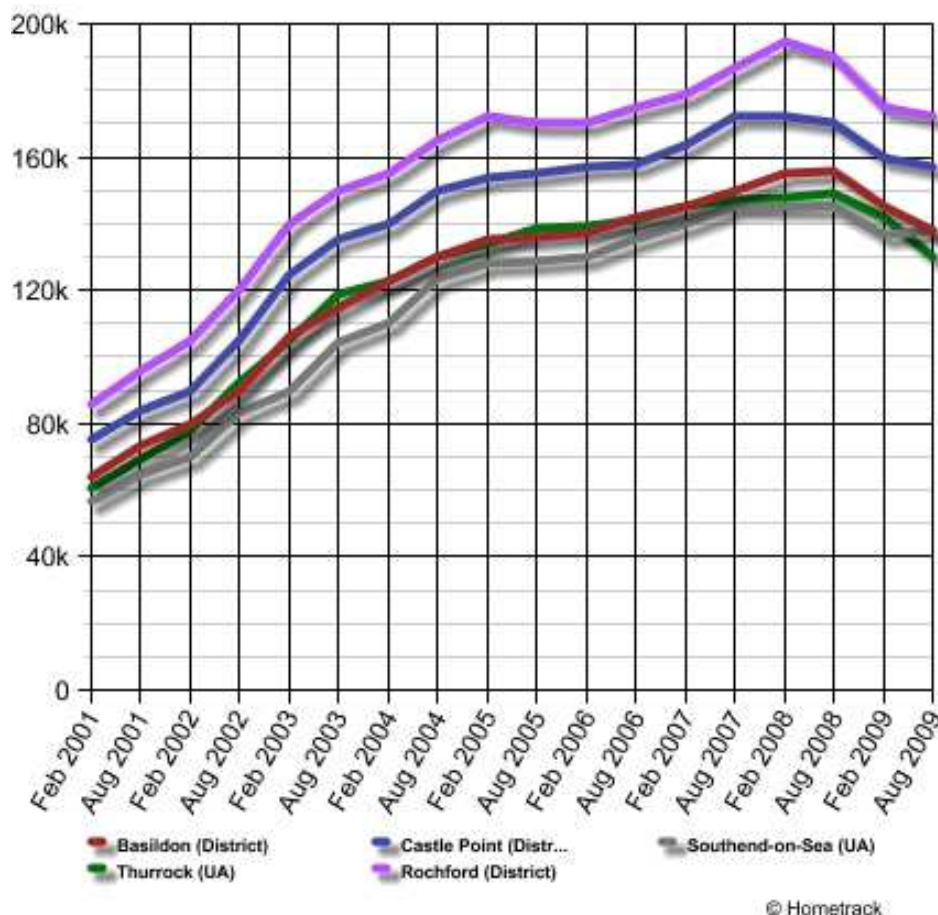
Local Authority	Change in House prices June – August 2009
Basildon	Growth in house prices in all ranges except in the lower quartile range.
Castle Point	Growth in house prices in all ranges except in the 90 th percentile range.
Southend	Growth in house prices in all ranges except in the upper qrt & 90 th percentile ranges.
Thurrock	Growth in house prices in all ranges except in the upper quartile ranges.
Rochford	Growth in house prices in all ranges.

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 increase in 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

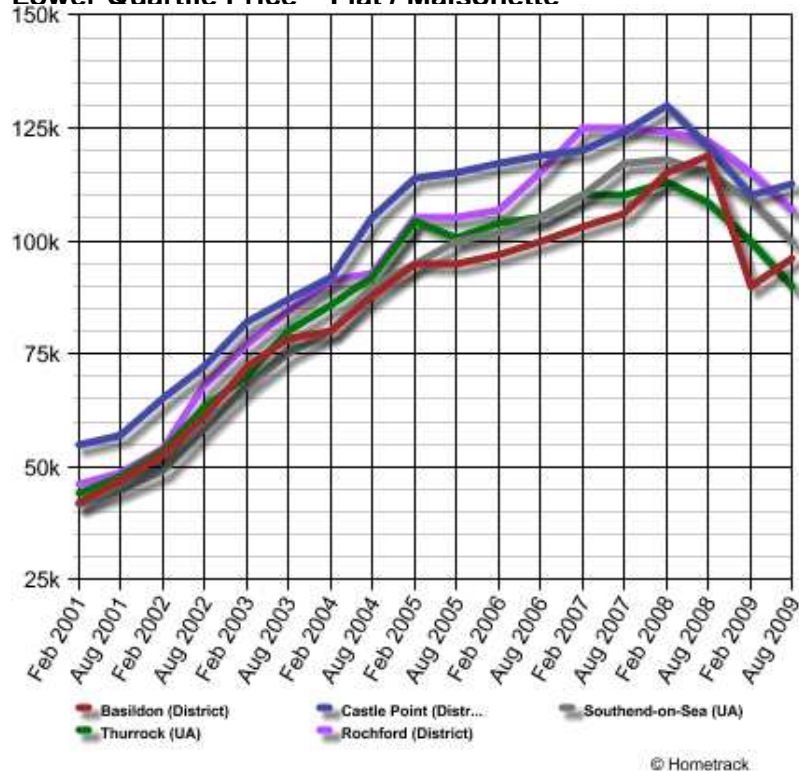


The above chart shows the overall lower quartile property prices by local authority area in TGSE.

In August 2009 the highest overall property price was in Rochford £172k, followed by Castle Point £157k, Southend £138k, Basildon £138k and Thurrock £130k.

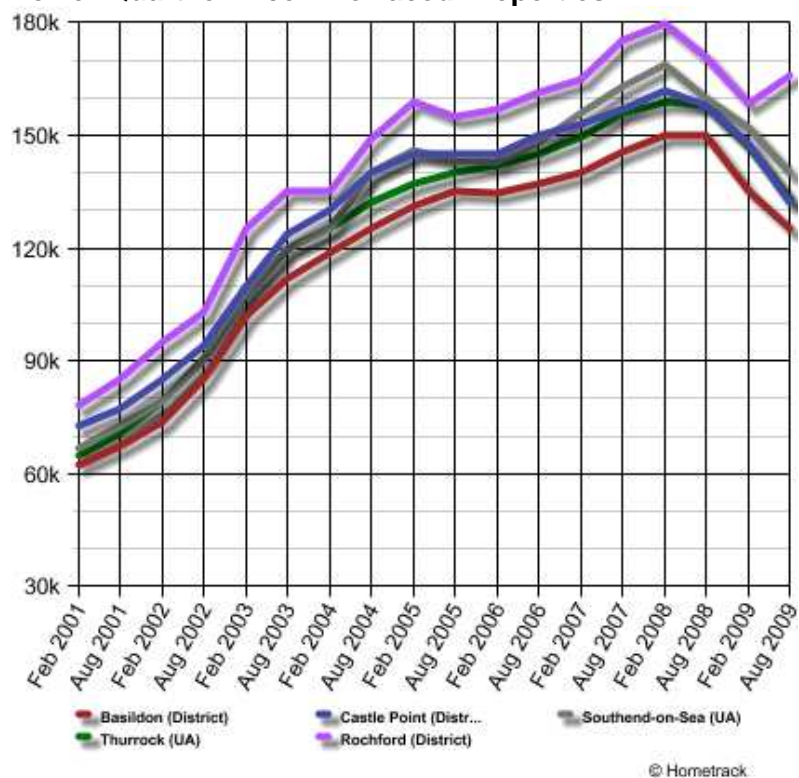
Between August 2008 and August 2009, the steepest decline has been in Basildon (£15,000), followed by Rochford (£13,484), Thurrock (£12,667), Castle Point (£6,667), and Southend (£6,000).

Lower Quartile Price – Flat / Maisonette



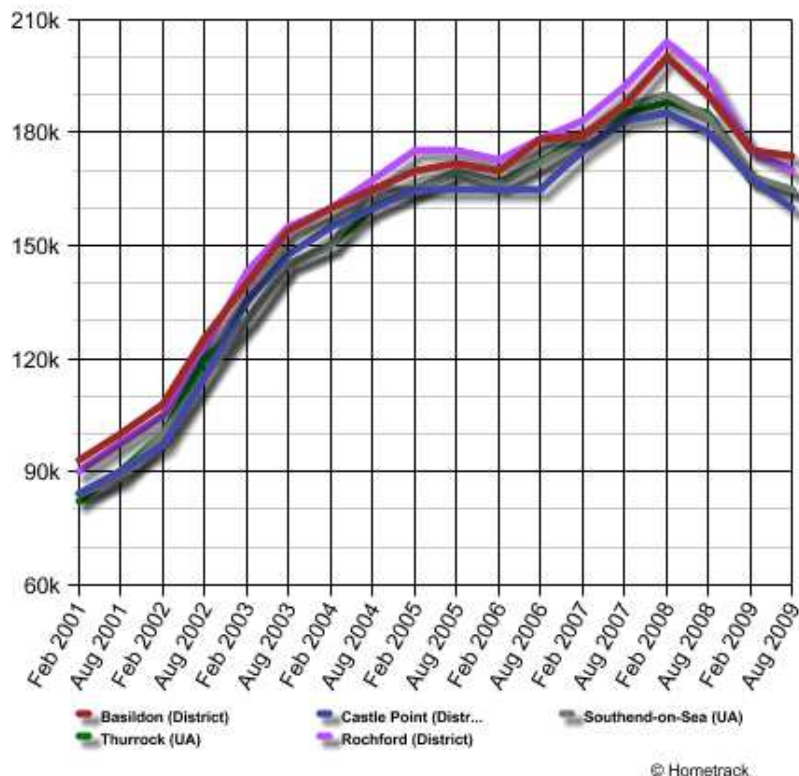
The above chart shows lower quartile prices for flat / maisonette properties. Since February 2009, prices in Basildon and Castle Point have risen, whilst in the remaining local authority areas, they have fallen.

Lower Quartile Price – Terraced Properties



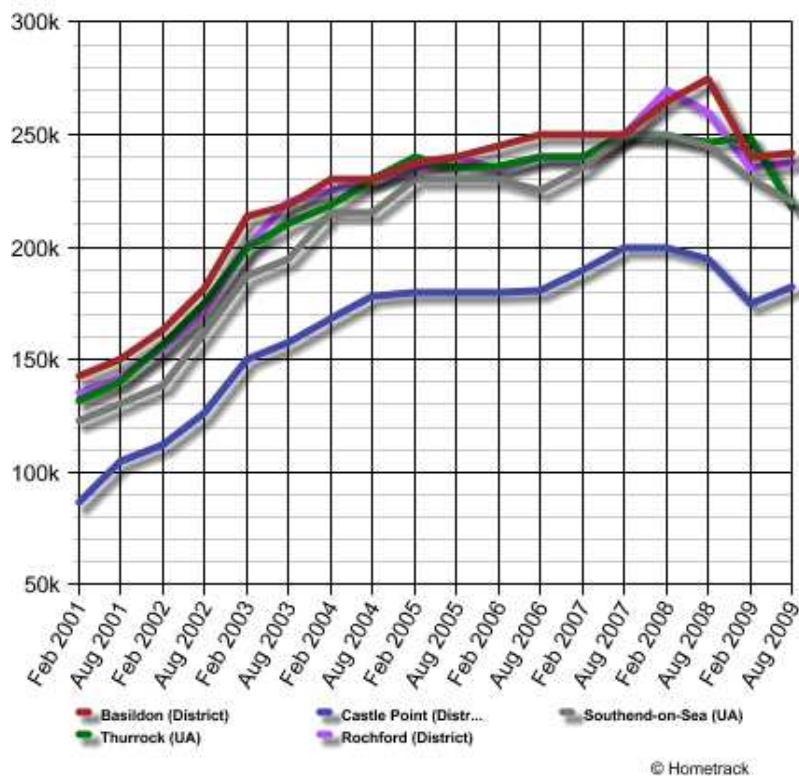
The prices of lower quartile terraced properties have all been declining with the exception of Rochford. The Steepest decline since August 2008, has been in Castle Point (£26k) followed closely by Basildon and Thurrock (£25k).

Lower Quartile Price –Semi Detached



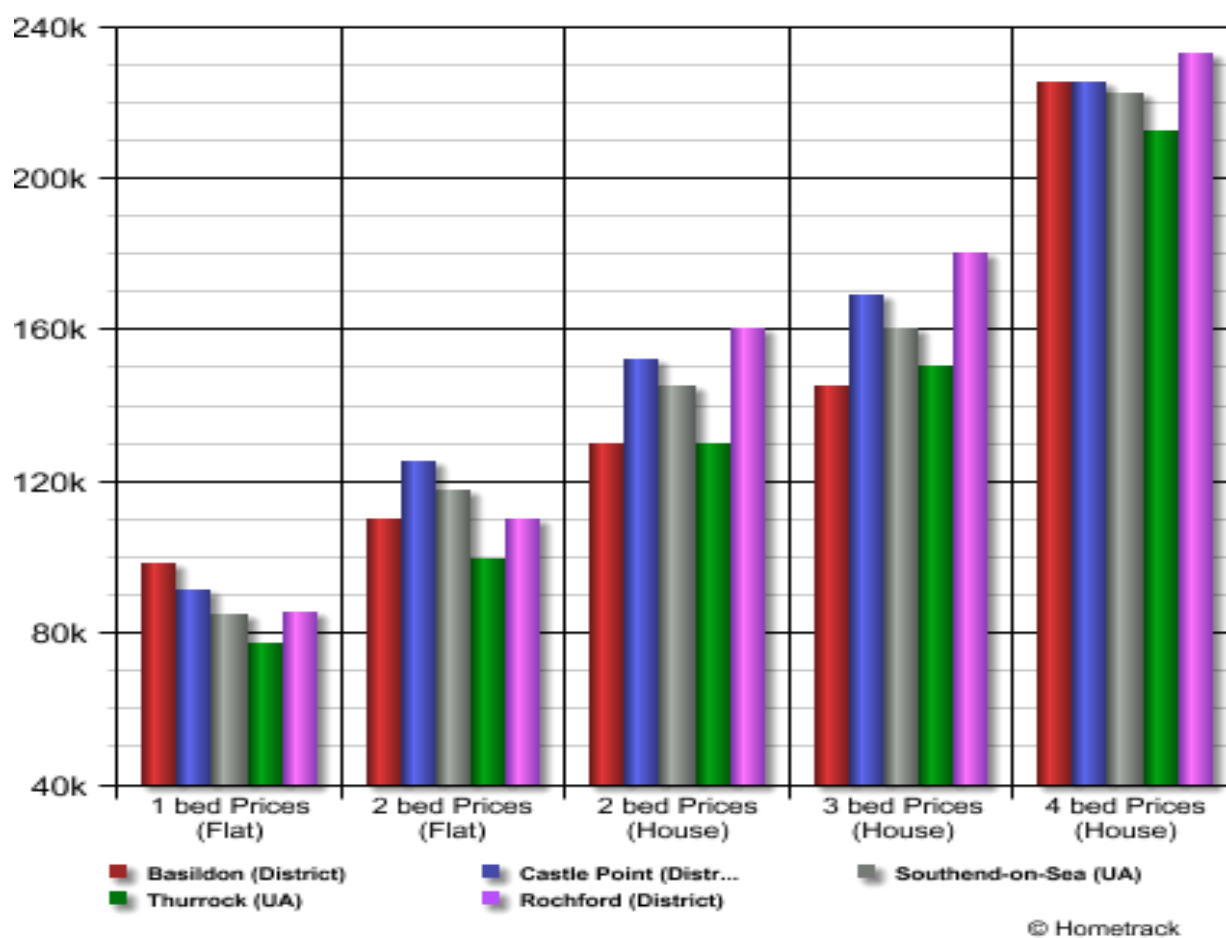
Prices of semi-detached properties across the sub region follow a broadly similar pattern of decline. Semi detached properties in all five local authority areas have experienced a loss in value of between £23 – 34k since their peak in February 2008.

Lower Quartile Prices – Detached



The graph shows a mixed picture with house prices for detached properties recovering in Castle Point, Basildon and Rochford but continuing to decline in Thurrock and Southend.

Lower Quartile Price of Property by Bed Count (August 2009)

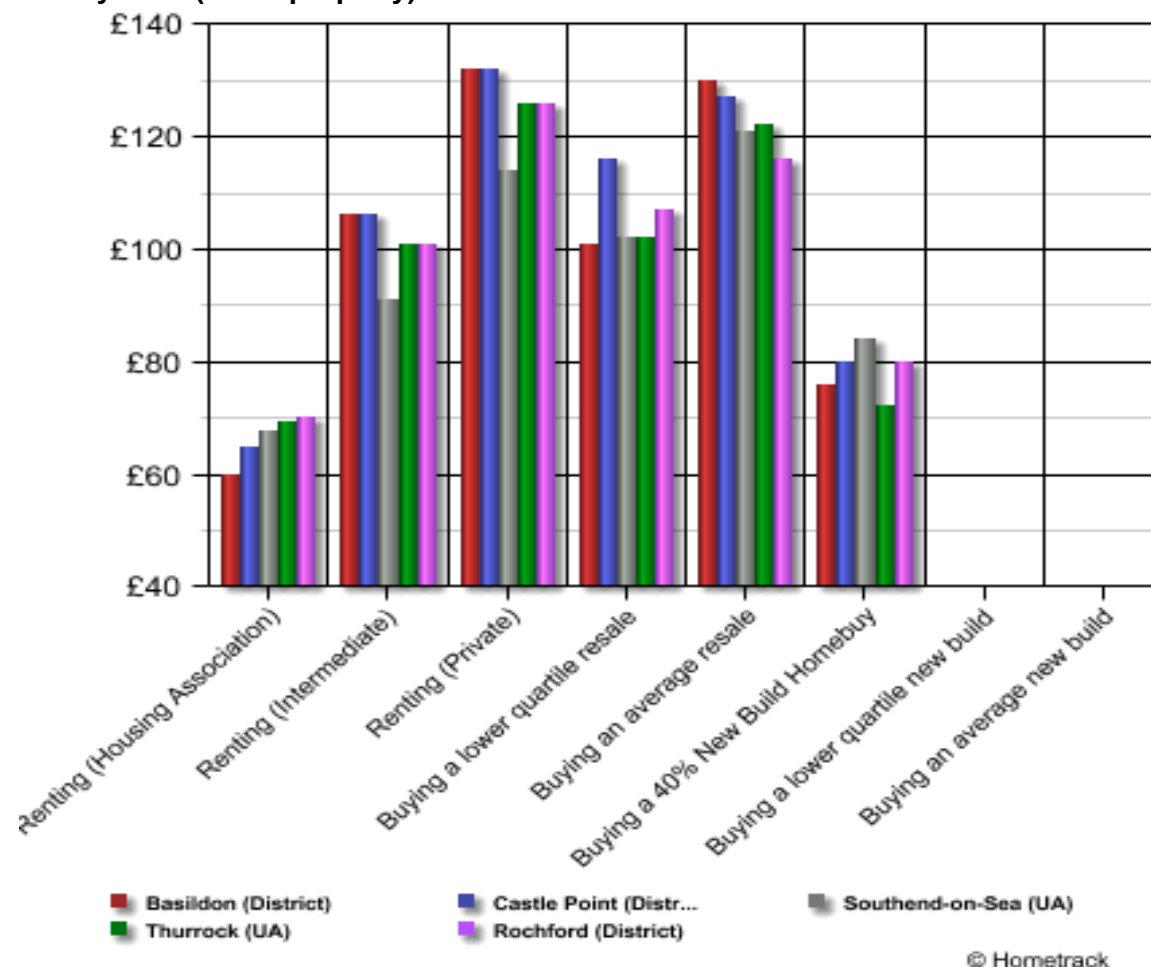


Latest Data Only For Comparison LQ (August 2009)

	Basildon (District)	Castle Point (District)	Southend-on-Sea (UA)	Thurrock (UA)	Rochford (District)
1 bed Prices (Flat)	98,000	91,000	84,995	77,000	85,500
2 bed Prices (Flat)	110,000	125,000	117,500	99,500	110,000
2 bed Prices (House)	130,000	152,000	145,000	130,000	160,500
3 bed Prices (House)	145,000	169,000	160,000	150,000	180,000
4 bed Prices (House)	225,000	225,000	222,500	212,500	232,500

The above graph and table show the lower quartile price of property by bed count in the TGSE sub region based on August 2009 figures. For 1-bed properties, the highest prices are in Basildon; prices in Castle Point across all bed sizes remain above average, whilst 2,3 & 4 bed properties in Rochford remain the highest in the sub region.

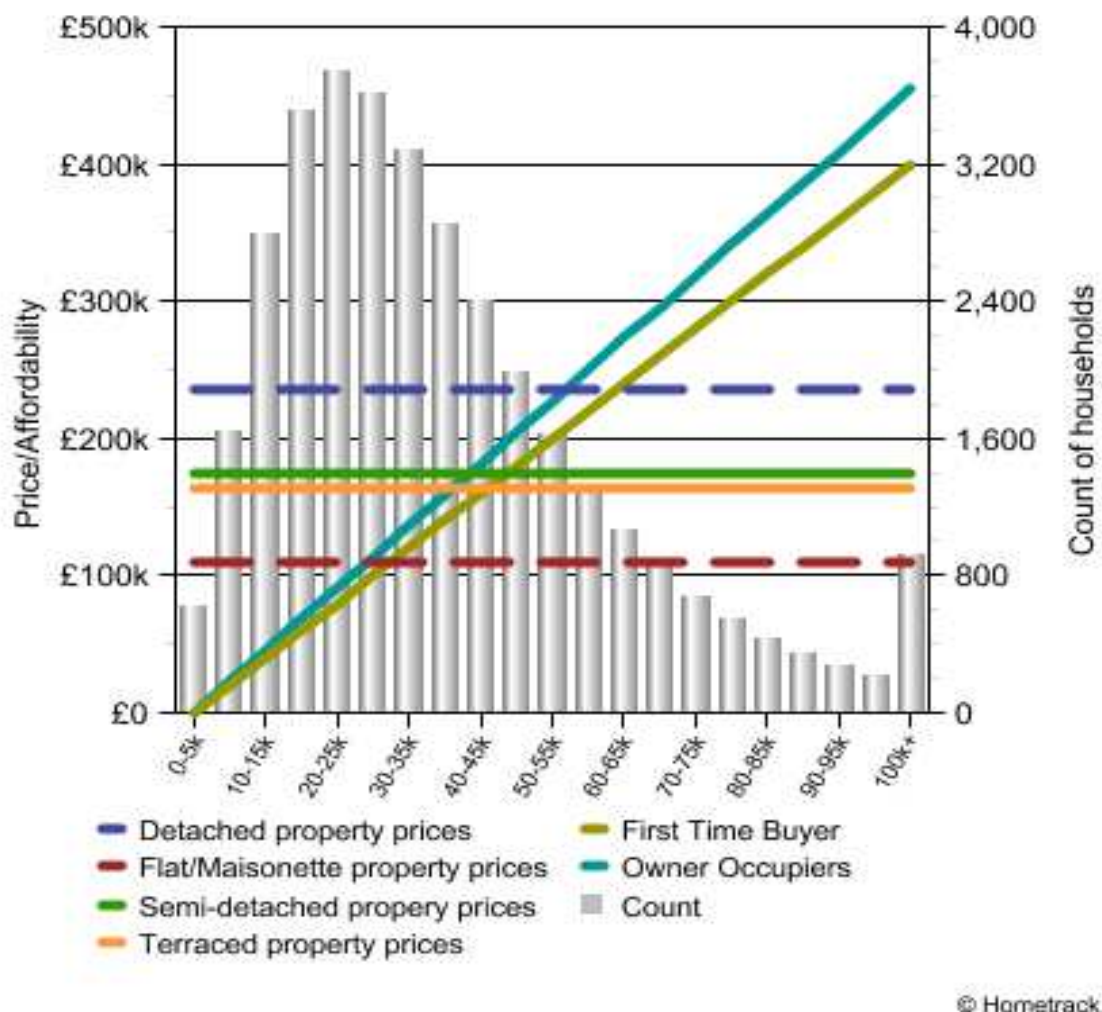
Weekly Cost (1 bed property)



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 £15, at £91.
- It is more expensive to rent on an intermediate basis in all five local authority areas compared to buying an Average Resale property.

Affordability: 3.0 times income
Sample Area: Rochford

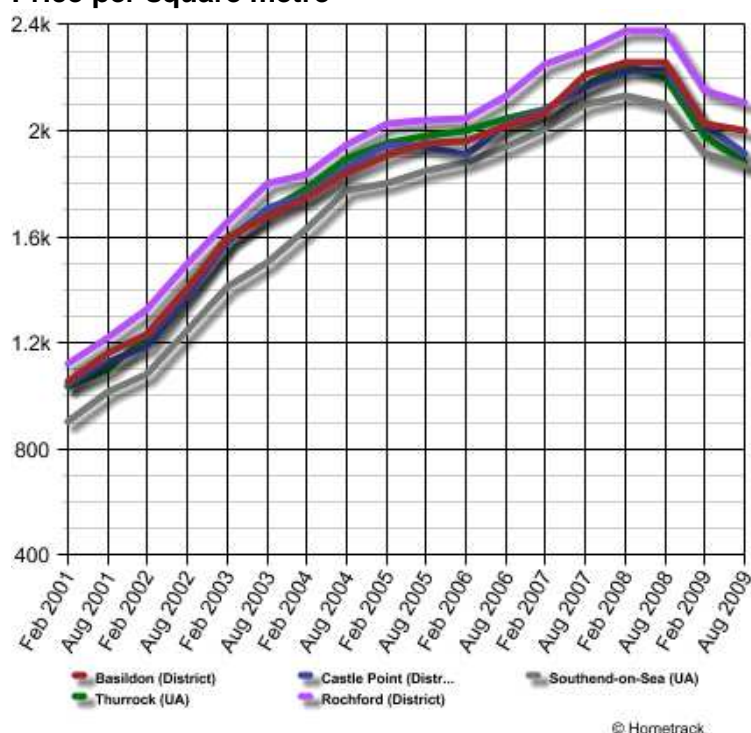


This chart shows the number of households in different household income bands in Rochford (bars) compared to the minimum price for different property types in the same area (horizontal lines). The diagonal lines rising from left to right show the value of property that can be afforded at different income 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 in Rochford are priced out of the property market. For example, 15,919 (46%) of households cannot afford to purchase a flat or maisonette as a first time buyer on a mortgage at 3.0 times their income.

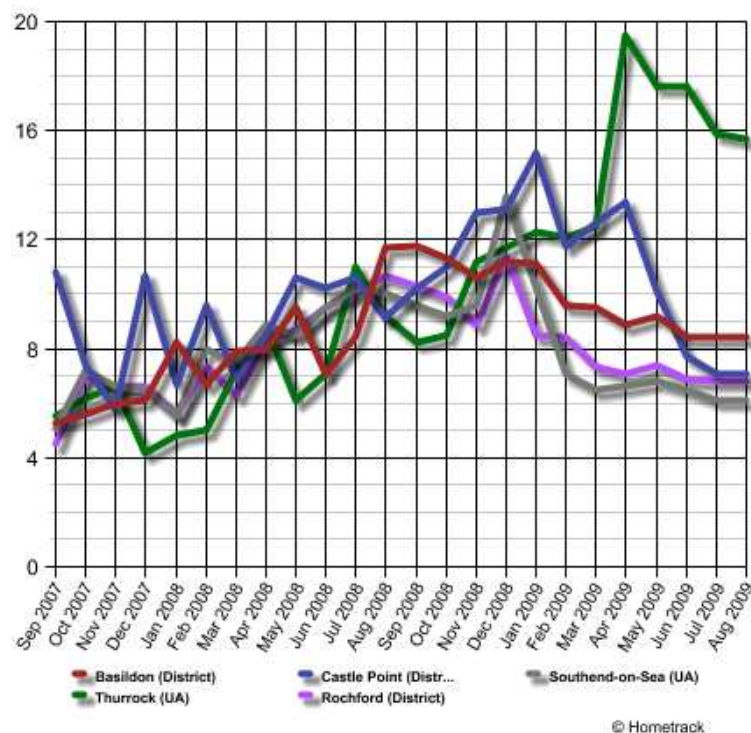
Market Indicators

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 remain 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 a general improvement across all five local authority areas, however with a levelling off in July - August. This has also been reflected in the data showing the sales to asking price and new buyer registrations.

Change in Supply and Demand (Rochford only)



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 Rochford. Between December 2008 and January 2009 there was a significant increase in the number of newly registered buyers but a much smaller corresponding increase in the newly listed properties. However, the monthly percentage change for both turned negative from July 2009. This demonstrates the fragile state of the housing market and confirms that the increase in house prices driven primarily by the lack of newly registered properties may not be sustained in Quarter 3 of 2009/10.

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

Scarcity in London & South East pushes prices higher, reversal in sentiment poses greatest risk to housing

Summary	Jul-09	Aug-09	Sep-09
Monthly price change (%)	0.0	0.1	0.2
12 month price change (%)	-7.7	-6.7	-5.6
% change in new buyers registering with agents	2.8	1.4	1.1
% change in volume of property listings	0.5	0.8	0.1
% change in sales agreed	6.6	4.8	2.5
Average time on the market (weeks)	9.0	8.7	8.6
% of the asking price being achieved	91.5	92.1	92.4
% postcode districts with price increase over month	10.3	11.1	15.2

House prices rise for second consecutive month...

House prices rose by 0.2% in September 2009, the second monthly increase this year. The year on year rate of growth currently stands at -5.6%.

A fundamental imbalance between supply and demand still exists and it is this continuing lack of quality housing for sale which is providing a support to prices.

A general lack of supply is set to remain a feature of the housing market over the medium term, but as prices rise and sellers become more demanding, so the recent pick up may well start to moderate over the autumn.

Lead indicators show signs of slowing...

A number of the survey's lead indicators are beginning to slow such as the average time on the market which now stands at 8.6 weeks and the proportion of asking price achieved which currently stands at 92.4%.

September's survey also shows a continuing decline in the number of new buyers registering with agents - from 8.5% in March down to a current 1.1%.

Price rises concentrated in small parts of the country...

Only 15% of postcodes saw any increase in price growth, while prices across some 84% of postcodes remained unchanged. 1% of agents reported price falls.

Over September house prices in London and the South East rose by 0.4% and 0.3% respectively. Outside southern England - where a lack of housing supply is less pronounced - a modest pick up in

sales and improved market sentiment is supporting prices to the point where they have been tracking sideways.

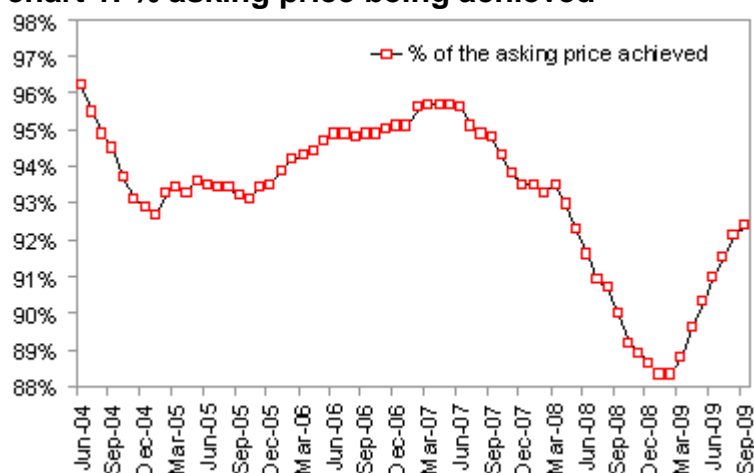
In September price rises were limited to 4 regions - London, the South East, South West (0.1%) and the West Midlands (0.1%). In the North, Midlands and Wales, agents reported a much slower market with buyers looking to 'bag a bargain'.

Looking ahead to the autumn...

Looking ahead, it seems likely that low sales volumes and a general scarcity of housing for sale is a trend set to support prices in London and the South East for the remainder of the year. Further price rises are likely in the very short term. Across the rest of the country where the housing demand/supply imbalance is less pronounced overall prices are set to track sideways.

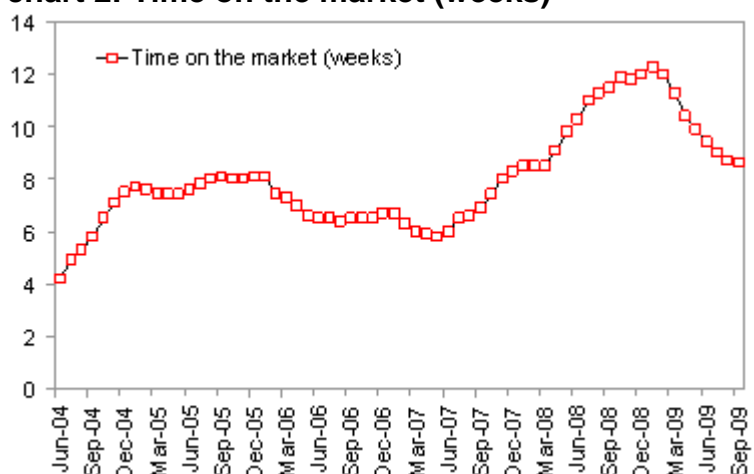
This month's survey was based upon 6,237 responses from 1,814 agents and surveyors across all 2,300 postcodes in England and Wales.

chart 1: % asking price being achieved



"The proportion of the asking price achieved rose to 92.4% in September from a recent low of 88.3%. As long as this measure remains below 93% prices are likely to remain static or under downward pressure."

chart 2: Time on the market (weeks)



Appendix 2 – House Price By local Authority Area over 22 Month Period

Basildon (District)				
	90th percentile	Upper Quartile	Average	Lower Quartile
Nov-07	356,666	253,333	229,182	153,666
Dec-07	352,666	253,333	228,430	155,333
Jan-08	384,333	261,665	234,918	155,166
Feb-08	376,000	262,498	231,882	156,500
Mar-08	370,000	254,165	229,536	157,833
Apr-08	353,333	250,833	225,076	158,000
May-08	360,000	254,000	226,345	157,500
Jun-08	383,333	262,333	232,099	155,833
Jul-08	375,000	262,333	236,064	156,833
Aug-08	371,666	258,333	233,693	155,000
Sep-08	358,333	263,333	233,051	153,333
Oct-08	376,666	261,666	229,334	149,666
Nov-08	383,333	258,333	229,045	147,666
Dec-08	390,000	251,666	225,041	142,666
Jan-09	386,666	261,666	225,022	143,666
Feb-09	366,666	256,666	219,685	141,666
Mar-09	373,333	258,333	218,549	140,000
Apr-09	348,333	241,666	209,762	135,000
May-09	348,333	246,666	212,659	136,666
Jun-09	360,833	250,666	220,544	140,666
Jul-09	385,833	254,000	229,678	141,666
Aug-09	404,166	254,000	232,434	140,000

Castle Point (District)				
	90th percentile	Upper Quartile	Average	Lower Quartile
Nov-07	316,666	249,995	222,586	172,833
Dec-07	333,333	257,996	229,248	174,500
Jan-08	351,666	266,331	238,512	175,333
Feb-08	346,666	266,316	240,820	174,000
Mar-08	332,666	258,316	235,108	172,666
Apr-08	327,666	253,316	230,081	170,333
May-08	322,666	253,333	229,203	169,000
Jun-08	325,000	253,333	230,416	172,666
Jul-08	310,000	246,666	227,804	173,333
Aug-08	320,000	241,666	232,547	172,333
Sep-08	308,333	240,000	226,723	164,333
Oct-08	308,333	243,331	224,512	164,333
Nov-08	293,333	239,998	212,289	162,000
Dec-08	296,666	241,665	214,991	166,000
Jan-09	313,333	241,666	218,401	164,333
Feb-09	320,000	238,666	216,179	157,666
Mar-09	315,000	230,333	210,756	151,666
Apr-09	300,000	227,833	205,594	149,333
May-09	293,333	232,500	203,111	152,666
Jun-09	292,666	233,500	202,296	157,666
Jul-09	301,000	236,000	205,352	160,000
Aug-09	291,000	237,666	209,764	165,666

Rochford (District)

	90th percentile	Upper Quartile	Average	Lower Quartile
Nov-07	384,000	288,998	261,165	195,000
Dec-07	394,000	294,333	262,581	198,333
Jan-08	406,666	301,000	269,810	200,000
Feb-08	404,166	298,666	263,528	198,333
Mar-08	393,333	290,000	259,543	192,666
Apr-08	385,000	281,166	256,768	192,666
May-08	384,833	284,500	259,976	193,666
Jun-08	395,666	285,833	264,866	198,983
Jul-08	417,333	294,666	267,494	195,650
Aug-08	401,666	284,666	257,200	189,650
Sep-08	385,000	273,331	244,684	181,666
Oct-08	355,000	256,665	243,214	176,666
Nov-08	373,333	258,331	249,474	175,000
Dec-08	367,333	255,000	249,464	173,333
Jan-09	369,000	260,000	239,933	173,333
Feb-09	349,000	260,000	240,374	175,333
Mar-09	371,666	270,000	243,585	176,166
Apr-09	355,000	266,666	238,487	174,500
May-09	348,333	258,333	229,705	171,500
Jun-09	313,333	246,666	219,612	170,166
Jul-09	323,333	243,333	222,812	171,833
Aug-09	348,333	261,666	226,899	176,166

Southend-on-Sea (UA)

	90th percentile	Upper Quartile	Average	Lower Quartile
Nov-07	328,666	246,000	212,478	145,166
Dec-07	335,333	247,333	213,579	143,166
Jan-08	340,000	248,333	213,342	144,666
Feb-08	340,000	248,666	216,020	146,333
Mar-08	345,000	250,000	219,021	148,833
Apr-08	339,166	249,166	216,249	146,833
May-08	340,833	245,833	216,366	145,500
Jun-08	340,833	245,833	215,395	145,333
Jul-08	346,666	240,000	216,147	147,000
Aug-08	333,333	238,666	211,554	146,666
Sep-08	330,000	238,666	208,450	143,333
Oct-08	329,998	242,000	207,942	141,666
Nov-08	340,998	243,333	208,184	136,666
Dec-08	332,665	236,666	202,141	133,333
Jan-09	311,000	230,666	195,074	132,500
Feb-09	318,333	225,666	194,494	135,833
Mar-09	313,333	228,166	195,592	137,500
Apr-09	323,333	229,166	198,261	138,333
May-09	310,000	234,166	196,518	136,666
Jun-09	318,333	231,666	198,190	137,500
Jul-09	316,666	236,666	199,386	136,333
Aug-09	318,333	230,000	200,310	140,666

Thurrock (UA)

	90th percentile	Upper Quartile	Average	Lower Quartile
Nov-07	278,666	222,333	192,676	146,333
Dec-07	287,000	224,000	196,009	147,000
Jan-08	287,000	224,666	195,471	146,666
Feb-08	280,666	223,333	196,582	148,333
Mar-08	282,333	226,666	196,868	148,333
Apr-08	284,000	226,666	201,312	150,000
May-08	289,633	226,666	200,743	148,333
Jun-08	292,966	221,666	199,409	146,666
Jul-08	297,133	227,166	198,352	146,666
Aug-08	304,165	229,833	203,426	148,333
Sep-08	300,165	233,166	205,785	150,000
Oct-08	295,998	226,000	202,221	146,666
Nov-08	289,333	226,666	197,339	144,000
Dec-08	280,000	220,000	192,680	140,666
Jan-09	275,000	213,333	188,475	139,000
Feb-09	278,333	210,833	188,909	140,000
Mar-09	280,000	204,166	183,858	135,000
Apr-09	275,000	210,833	184,782	134,333
May-09	260,666	205,000	179,626	129,333
Jun-09	262,333	210,000	179,997	131,000
Jul-09	264,000	206,093	180,045	133,333
Aug-09	271,666	207,760	182,259	135,666

Source: Hometrack