

Thames Gateway South Essex

Housing Market Trends

Quarterly Report

April 2015

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. Changes in house prices for TGSE local authority areas are tabled in Appendix 1.

Key trends

National Trends

- National house price growth was 8.1% in March, down from last July's peak of 10.2%.
- Analysis points to a continued slow down in the rate of growth, between 3-5% by year end.
- Regionally, the biggest growth last year was in London (15.3%) followed by SE (11.4%).

Local House Prices

- In February 2015, the highest overall Lower Quartile (LQ) house price was in Rochford at £220k, followed by Castle Point £193k, Basildon £170k, Southend £167k, and Thurrock £165k.
- When compared with pre-recession prices in 2007/8 when they peaked, prices are now consistently higher for the fourth successive quarter in Rochford by £25k, Southend £22k, Castle Point £19k, Thurrock £15k, and Basildon £12k.

Cross Tenure (for a one bed property)

- The highest weekly cost of renting a one bed property through a Registered Provider was in Thurrock at £74 and the lowest in Rochford at £68.
- Private renting (median) is now most expensive in Castle Point and Thurrock at £150 followed by Basildon at £144, Rochford £137 and Southend at £126 per week.
- Between, February 2013-14, rent per week had risen in Castle Point by £12, Basildon £7, Thurrock £6, Rochford £5 and Southend £1.

Affordability

- Lack of affordable housing remains a significant issue across the sub region, where for example in Rochford 44% of first time buyers cannot afford a flat or maisonette based on a mortgage at 3.0 times their income. This rises to 75% for those wishing to purchase a terraced property and 91% for a detached property.
- The latest ratio between LQ house prices and LQ household disposable income in some central wards of Rochford were in excess of 13:1, compared to 10:37 being the average for the TGSE Postal area SS.

National Trends

According to the Halifax House Price Index; house price growth in the three months to March was 2.6% higher than in the previous three months. However, annual price growth fell slightly again from 8.3% in February to 8.1% and is comfortably below last July's peak of 10.2%.

The combined influences of the recent return to real earnings growth, very low mortgage rates and last December's stamp duty changes are fuelling housing demand. However, the rising level of house price growth in relation to earnings should curb house price growth in the year ahead. The annual rate of house price growth, which continued to ease in the first quarter of 2015, is forecast to end the year at 3-5%.

When comparing house prices at a regional level over the past year, London experienced the biggest growth (+15.3%), followed by the South East (+11.4%). However, the quarterly rate has been declining suggesting a house price correction.

The sale of homes increased by 2.5% for the second successive month in February but was down from the previous year by 8%.

Local Housing Indicators

Hometrack's Housing Intelligence System allows house prices to be viewed at a local authority or even ward or super output area.

Overall Change in Average House Prices February 2014 – February 2015

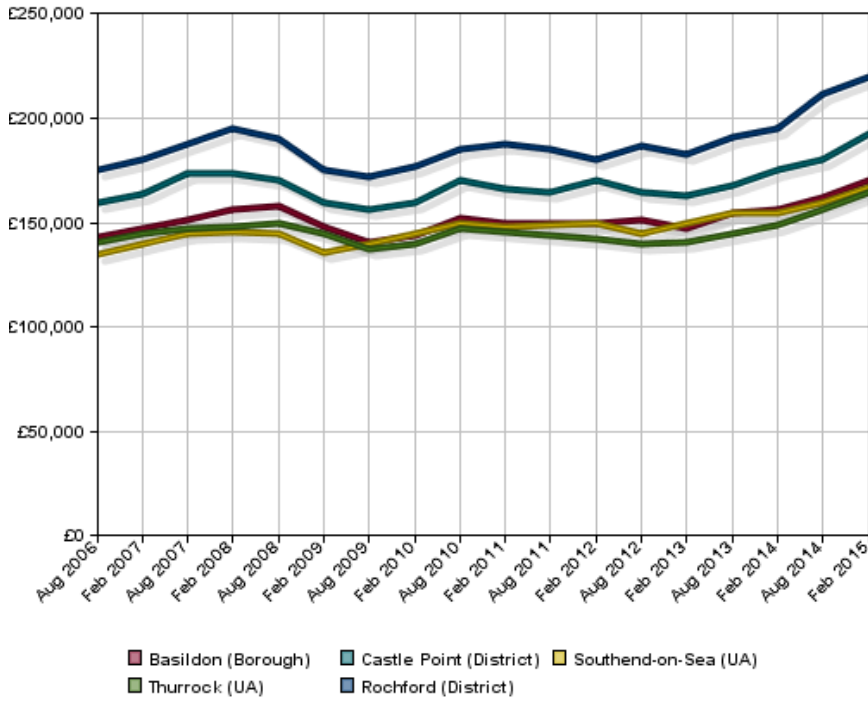
Local Authority	February 2014	February 2015	Change	%
Basildon	242,181	257,128	+£14,947 ↑	+6.17%
Castle Point	235,121	253,350	+£18,229 ↑	+7.75%
Rochford	256,365	283,541	+£27,176 ↑	+10.60%
Southend	230,831	250,925	+£20,094 ↑	+8.71%
Thurrock	198,950	220,771	+£21,821 ↑	+10.97%

Looking at the overall change in average house prices in the TGSE sub region between February 2014 and February 2015 (over a ten year time-span), prices rose in all five TGSE Local Authority areas by as much as **£27,176 or 10.6%**. The highest price rise in TGSE was in Rochford, followed by Thurrock, Southend, Castle Point and Basildon.

Focusing on Lower Quartile Prices

The charts over page focus on the lower quartile property price, based on sales and valuations, for 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

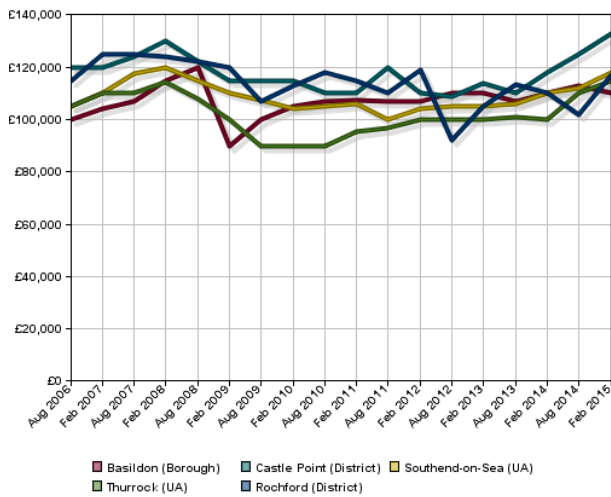


The graph shows the sustained recovery in house prices since the recession in 2008/9.

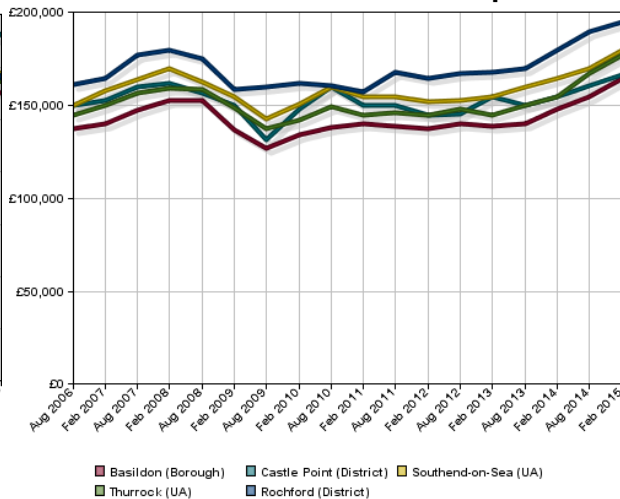
In February 2015, the highest overall lower quartile property price in TGSE was in Rochford at **£220k**, followed by Castle Point **£193k**, Basildon **£170k**, Southend **£167k** and Thurrock **£165k**.

When compared with pre recession prices in 2007/08 where they peaked across the sub region, current prices are consistently up across all five TGSE local authority areas for the fourth quarter running; in Rochford by **£25k**, Southend **£22k**, Castle Point **£19k**, Thurrock **£15k**, and Basildon **£12k**.

Lower Quartile Price – Flat / Maisonette



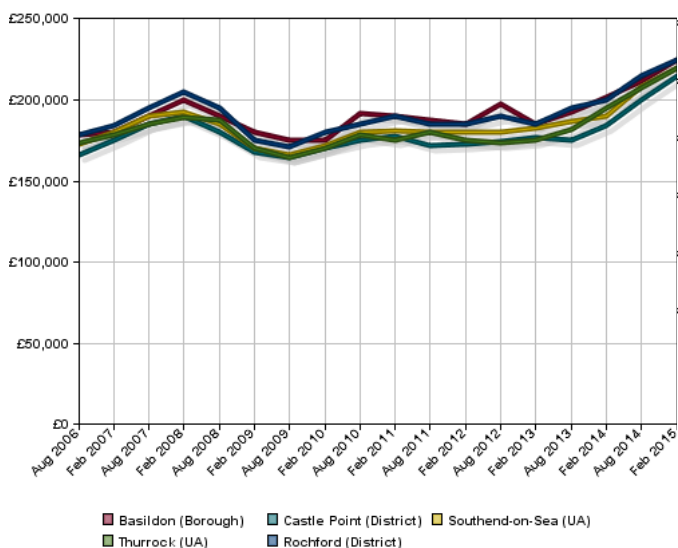
Lower Quartile Price – Terraced Properties



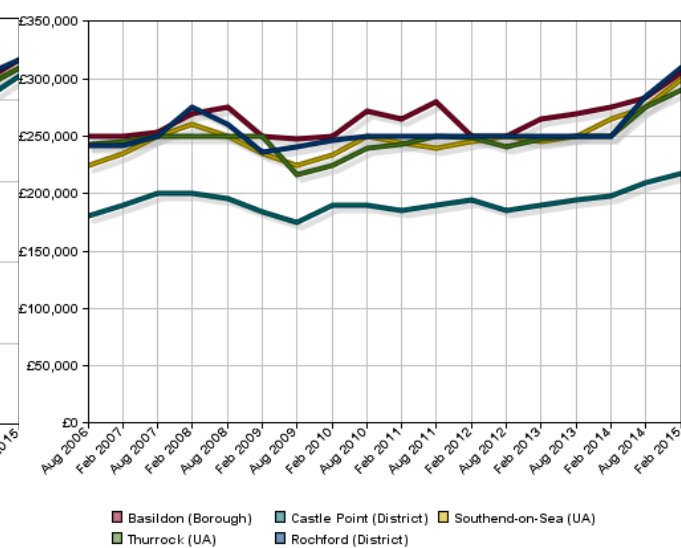
The above charts show a mixed picture. Prices of flat / maisonette property continue to rise in Castle Point but have been more stable in other TGSE authorities. In fact, prices in Castle Point were as much as £23k higher in comparison with other authorities.

For terraced property, prices have all risen since August 2013 with Rochford commanding the highest prices at £195k.

Lower Quartile Price – Semi Detached



Lower Quartile Prices – Detached



Since August 2013, prices of TGSE semi-detached properties had all risen consistently; breaching the **£215k** price mark.

For detached properties, from February 2014 prices rose more sharply, although less so in Castle Point.

In summary, the prices for smaller flatted properties have fluctuated more so across the sub region. Prices of terraced, semi detached and detached properties rose more consistency.

Annual Turnover by Broad Type and Age

As a Proportion of Overall Property

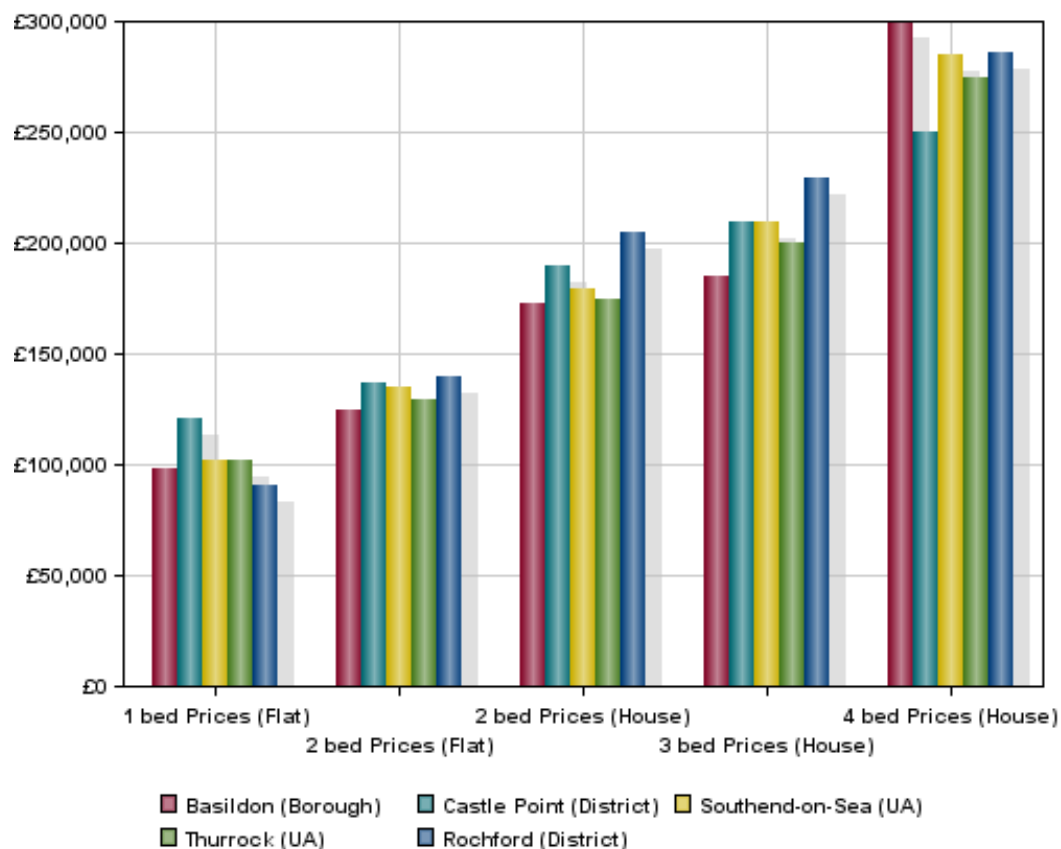
	Rochford				
	2nd Hand House Sales	2nd Hand Flat Sales	New Build House Sales	New Build Flat Sales	Overall property price bands
2010	890	89	22	5	3.10%
2011	948	80	18	5	3.10%
2012	903	107	29	11	3.10%
2013	1,103	122	49	20	3.80%
2014	1,210	147	116	2	4.30%

The above tables show the total volume of housing turnover in Rochford, as the sample area, split between houses / flats and second hand / newly built houses.

Annual turnover since 2012 has increased across all housing types, apart from new build flat sales which only recorded 2 sales.

The total turnover is also shown as a proportion of overall property, based on Land Registry data. Turnover has increased and was **4.30%** in 2014. However, it is still significantly down from pre 2008 figures where it was **5.8%** in 2007 (see TGSE Housing Market Trends Quarterly Report, July 2011).

Lower Quartile Price of Property by Bed Count (February 2015)

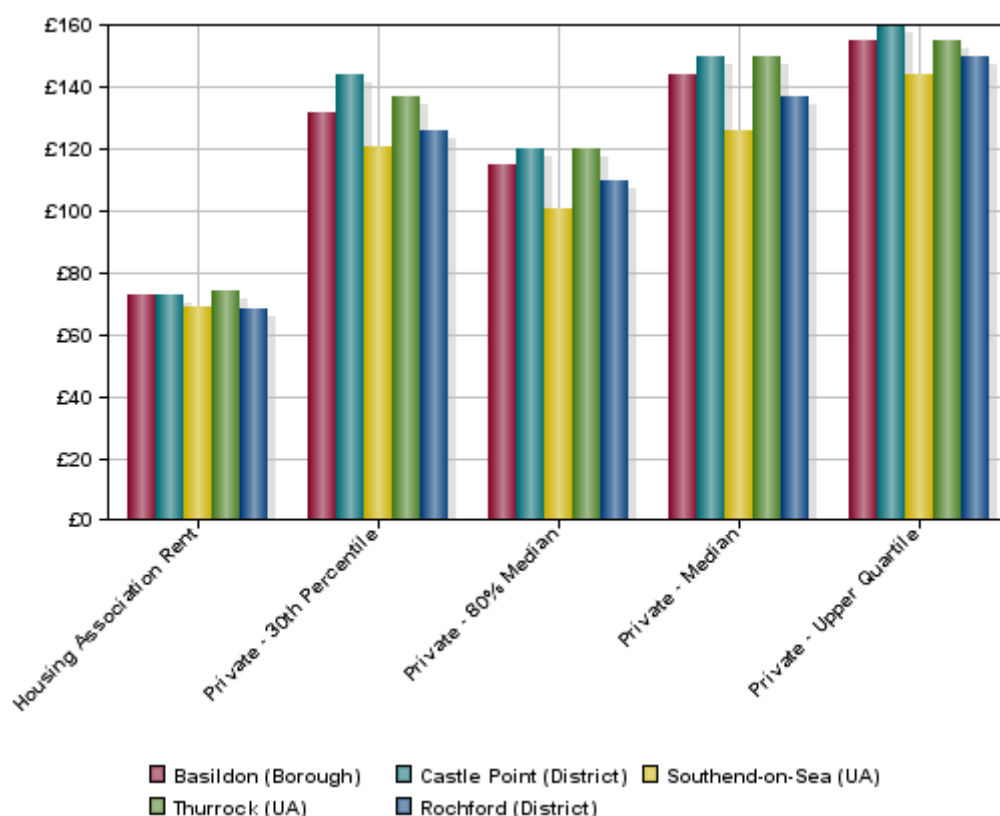


Latest Data Only For Comparison LQ (February 2015)

	Basildon	Castle Point	Southend	Thurrock	Rochford
1 bed Prices (Flat)	98,375	121,375	102,375	102,500	91,500
2 bed Prices (Flat)	125,000	136,875	134,998	130,000	139,750
2 bed Prices (House)	173,000	190,000	180,000	174,995	204,750
3 bed Prices (House)	185,000	210,000	209,999	200,000	230,000
4 bed Prices (House)	300,000	250,000	285,000	275,000	286,250

The above graph and table show the lower quartile price of property by bed count in the TGSE sub region based on February 2015 figures. For 1 bed flats; Castle Point had the highest priced property; for 2 bed flats, 2 and 3 bed houses it was Rochford and for 4 bed houses it was Basildon.

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



	Basildon	Castle Point	Southend	Thurrock	Rochford
Housing Association Rent	72.9	73.1	68.8	74	68.2
Private - 30th Percentile	132	144	121	137	126
Private - 80% Median	115	120	101	120	110
Private – Median					
Feb 2015	144	150	126	150	137
Feb 2014	137	138	125	144	132
Feb 2013	137	138	121	137	126
Private - Upper Quartile	150	155	138	155	150
Difference between 80% Median and HA rent	37.1	46.9	32.2	41	37.8

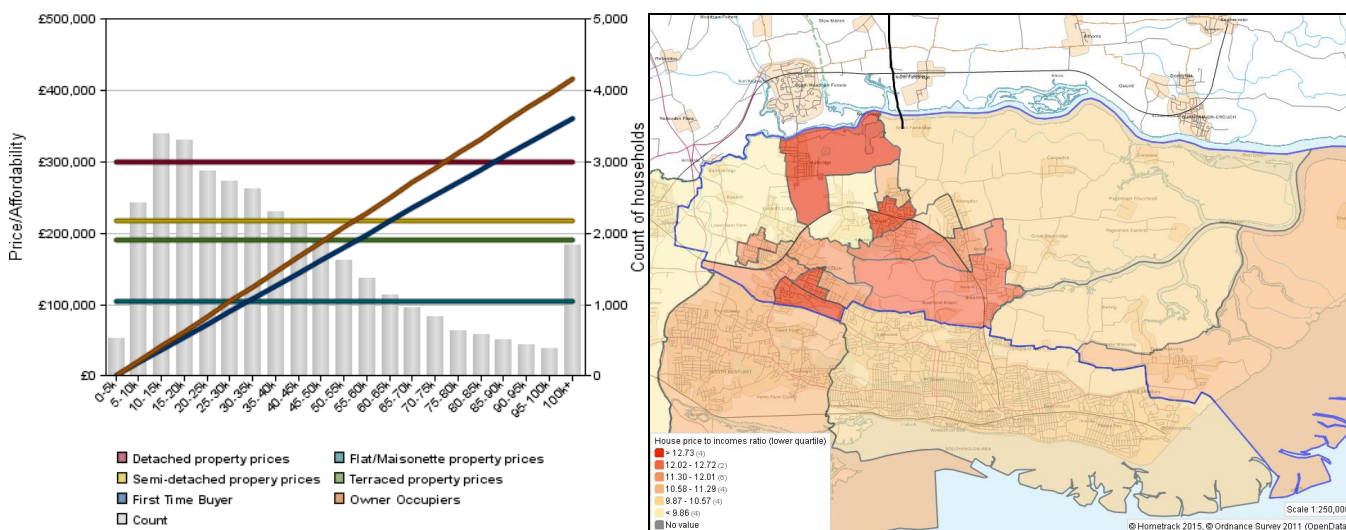
The above table and graph show the weekly cost of renting a one bed room property across a range of quartiles based on February 2015 prices. Importantly, it allows a comparison to be made between Housing Association Rent and Affordable Rent at 80% of market rent.

TGSE Private renting (median) is now most expensive in Castle Point and Thurrock at **£150**, followed by Basildon at **£144**, Rochford at **£137** and Southend at **£126** per week.

Between, February 2014-15, rent per week rose in Castle Point by **£12**, Basildon **£7**, Thurrock **£6**, Rochford **£5** and Southend **£1**.

Affordability: 3.0 times income
Sample Area: Rochford

LQ House price to income ratio Rochford wards

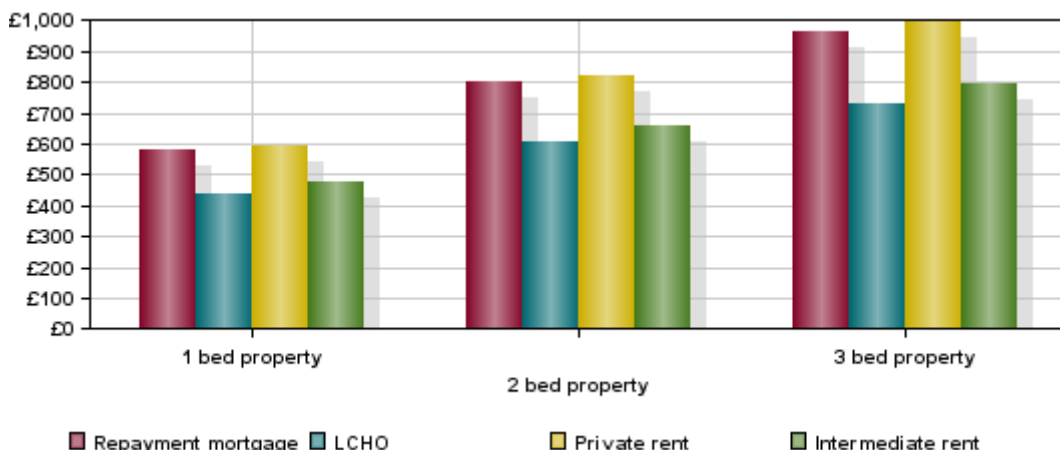


This above chart and map show affordability in Rochford both by income band and spatially. The chart to the left shows the number of households in different household income bands compared to the minimum price for different property types in the same area (horizontal lines). The diagonal lines rising 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 Rochford are priced out of the property market. For example, **44%** of households were priced out of the market (i.e. cannot afford to purchase a flat as a first time buyer on a mortgage at 3.0 times their income). This rises to **75%** for those wishing to purchase a terraced property and **91%** for a detached property.

The heat map to the right compares the Lower Quartile house price to income ratios across individual wards in Rochford. The wards of Hullbridge, Hockley Central, Whitehouse and Rayleigh Central all have ratios in excess of 13:1 highlighting the issue of affordability.

Affordability calculator for Rochford



The above graph and table over page provides a cost comparison between different tenures in Rochford and 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.

	Average Price	Repayment Mortgage	LCHO	Private Rent	Intermediate Rent
1 bed property	£114,000	£583	£441	£594	£475
2 bed property	£157,000	£803	£608	£823	£659
3 bed property	£189,000	£967	£732	£997	£797

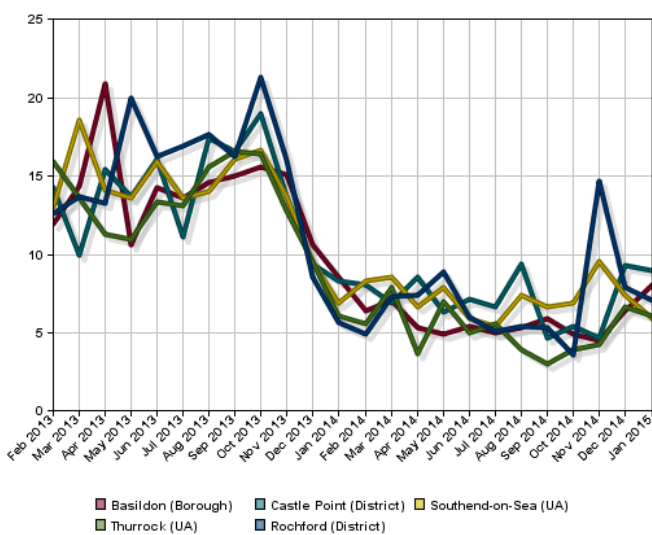
For Rochford; Low Cost Home Ownership followed by Intermediate Rent was the cheapest form of tenure and Private Rent followed by Repayment Mortgage was the most expensive.

Given the price range between different tenures and products, this illustrates the value of undertaking comparison checks when considering affordability.

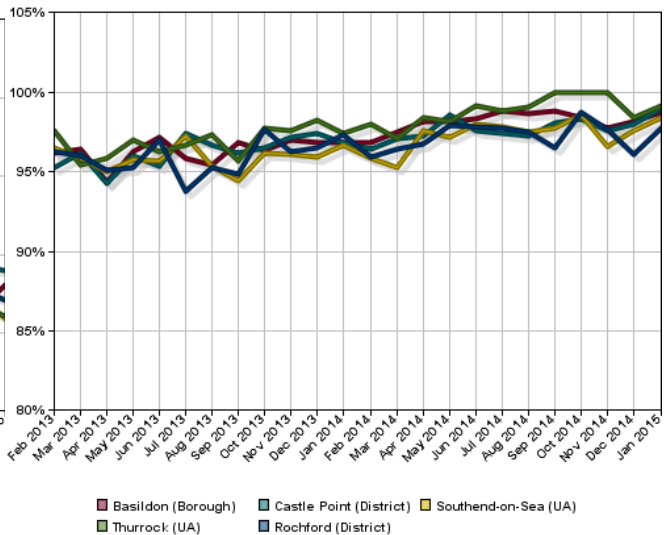
Whilst the sample area for this Quarterly Report is Rochford, information can be readily made available for other TGSE local authorities on request.

Market Indicators

Time to Sell (weeks)



Sales to Asking Price

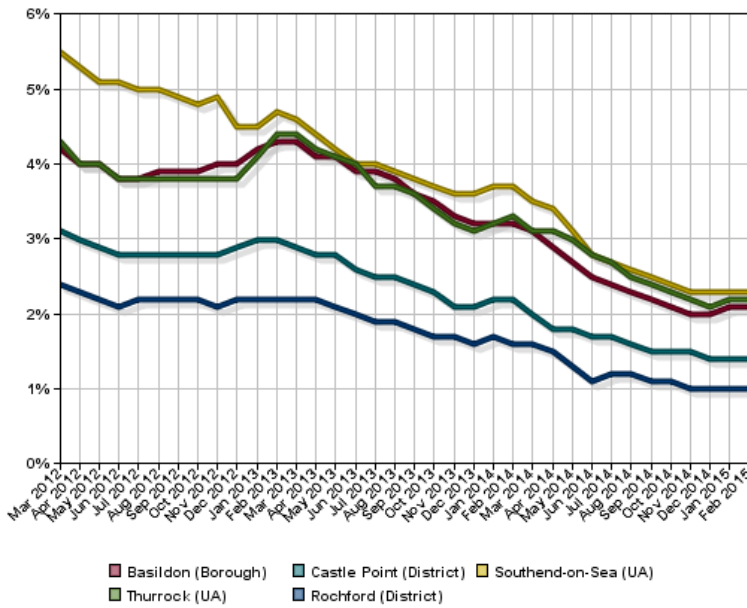


The above graphs shows a generally improving trend; with the time to sell between 2013 and 2014 declining from as much as 20 weeks to less than 10 weeks.

The sales to asking price have all consistently been rising across the five TGSE Local Authorities.

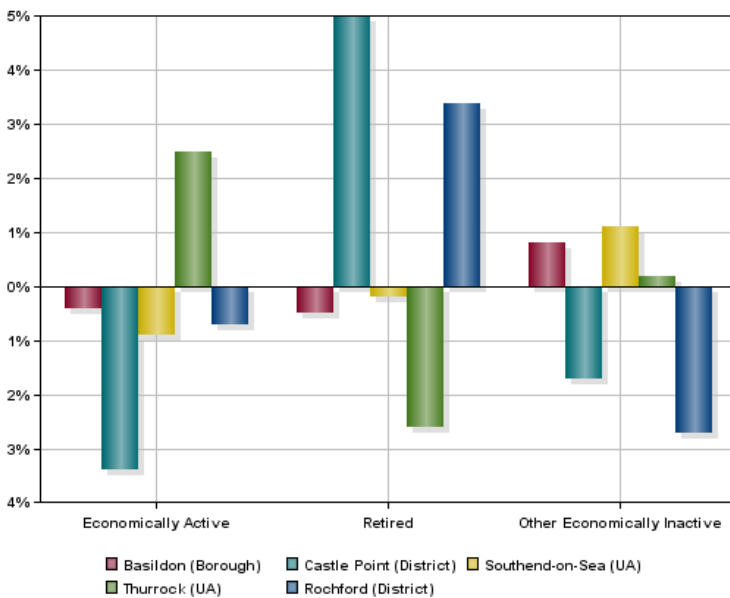
Economic indicators

Unemployment



The above graph indicates how there has been a steady improvement in the TGSE economy since the recession with unemployment declining in line with national trends.

Economic Active



The number of economic active compared to those retired or inactive varies across the sub region when compared against the regional average. At the two ends of the spectrum; Castle Point and to a lesser extent Rochford have a much higher proportion of retired people and lower proportion of economic active people compared to Thurrock. Basildon and Southend are closer to the regional norm.

Appendix 1 – 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-06	143,000	160,000	135,000	141,000	175,000
Feb-07	147,000	164,000	140,000	145,000	179,995
Aug-07	151,000	174,000	145,000	147,500	188,000
Feb-08	156,000	174,000	145,500	148,000	195,000
Aug-08	158,000	170,000	145,000	150,000	190,000
Feb-09	148,000	160,000	136,000	145,000	175,000
Aug-09	141,000	156,000	140,000	137,000	172,000
Feb-10	144,000	160,000	145,000	140,000	177,000
Aug-10	152,500	170,000	150,000	147,500	185,000
Feb-11	150,000	166,500	148,000	146,000	188,000
Aug-11	150,000	165,000	149,000	144,000	185,000
Feb-12	150,000	170,000	150,000	142,000	180,000
Aug-12	151,000	165,000	145,000	140,000	187,000
Feb-13	147,000	163,000	150,000	140,500	182,500
Aug-13	154,500	167,500	155,000	145,000	191,000
Feb-14	156,000	175,000	155,000	149,250	195,000
Aug-14	162,000	180,000	160,000	156,000	211,500
Feb-15	169,995	193,000	167,000	165,000	219,995
Change Feb 14 Feb 15	13,995	18,000	12,000	15,750	24,995
Change Peak – Feb 2015	11,995	19,000	21,500	15,000	24,995

Red – Denotes peak prices before recession

Source: Hometrack Housing Intelligence System



For further information, please contact:

Alastair Pollock - TGSE Strategy Coordinator
 C/o Castle Point Borough Council
 Kiln Road, Thundersley
 Benfleet, Essex, SS7 1TF
 Tel: 01268 882270
apollock@castlepoint.gov.uk