

Thames Gateway South Essex

Housing Market Trends

Quarterly Report

July 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**

- Housing prices were up in the last quarter by 3.3% following two consecutive falls.
- Annual price growth also increased to 9.6% from 8.1% in March and is at its highest since September 2014.
- Supply remains very tight with stocks of homes for sale currently at record low levels.

Local House Prices

- In May 2015, the highest overall Lower Quartile (LQ) house price was in Rochford at £225k, followed by Castle Point £198k, Basildon £176k, Southend £170k, and Thurrock £168k.
- When compared with pre-recession prices in 2007/8 when they peaked, prices are now consistently higher for the fifth successive quarter in Rochford by £30k, Castle Point £25k, Southend £22k, Thurrock £18k, and Basildon £17k.

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 at £138 and Southend at £132 per week.
- Between, May 2012-15, rent per week had risen in Thurrock by £18, Castle Point by £13, Basildon and Rochford by £12 and Southend £11.

Affordability

- Lack of affordable housing remains a significant issue across the sub region, where for example in Thurrock 56% of first time buyers cannot afford a flat or maisonette based on a mortgage at 3.0 times their income. This rises to 74% 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 and western wards of Thurrock were in excess of 13:1, compared to 10:73 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 June was 3.3% higher than in the previous three months. This measure of the underlying rate of house price growth picked up following two successive falls. Annual price growth also increased to 9.6% from 8.1% in March and is at its highest since September 2014.

Supply remains very tight with the stock of homes available for sale currently at record low levels. This shortage has been a key factor maintaining house price growth at a robust pace so far in 2015. Economic growth, higher employment, increasing real earnings growth and very low mortgage rates are all supporting housing demand with signs of a recent modest pick-up in demand.

Mortgage approvals fell by 5% in May, although were 6% higher than the preceding three months.

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 May 2014 – May 2015

| Local Authority | May 2014 | May 2015 | Change | % |
|-----------------|----------|----------|------------|------------------|
| Basildon | 248,449 | 273,320 | +£24,871 ↑ | +10.01% (6.17%) |
| Castle Point | 238,749 | 260,907 | +£22,158 ↑ | +9.28% (7.75%) |
| Rochford | 264,966 | 298,915 | +£33,949 ↑ | +12.81% (10.60%) |
| Southend | 237,839 | 260,112 | +£22,273 ↑ | +9.36% (8.71%) |
| Thurrock | 200,783 | 223,835 | +£23,052 ↑ | +11.48% (10.97%) |

Annual % price rise for February 2014 – February 2015 shown in brackets

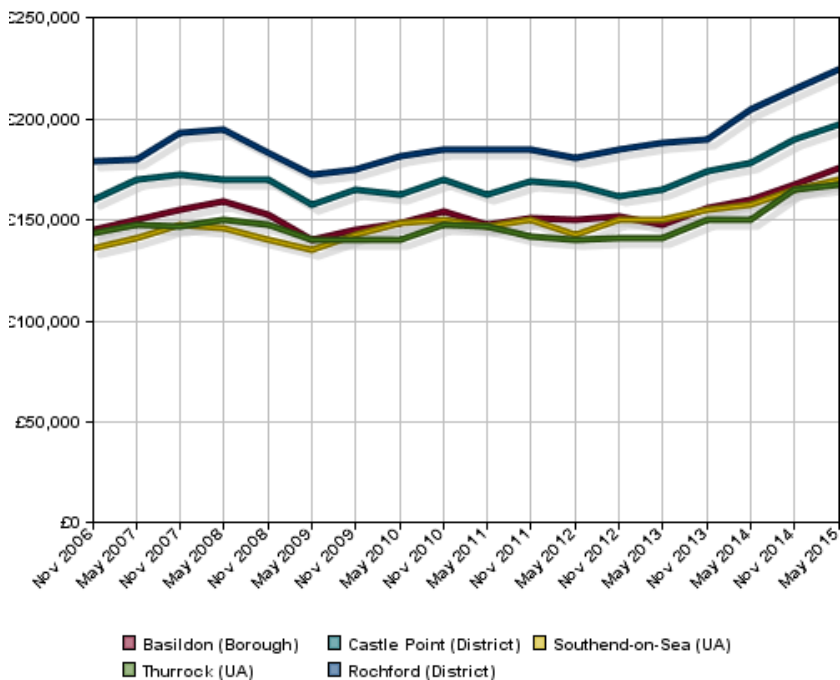
Looking at the overall change in average house prices in the TGSE sub region between May 2014 and May 2015 (over a ten year time-span), prices rose in all five TGSE Local Authority areas by as much as **£33,949 or 12.81%**. The highest price rise in TGSE was in Rochford, followed by Basildon, Thurrock, Southend and Castle Point.

The percentage annual price rise is also higher when compared with the previous reporting period February 2014-15 across all five TGSE local authorities.

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

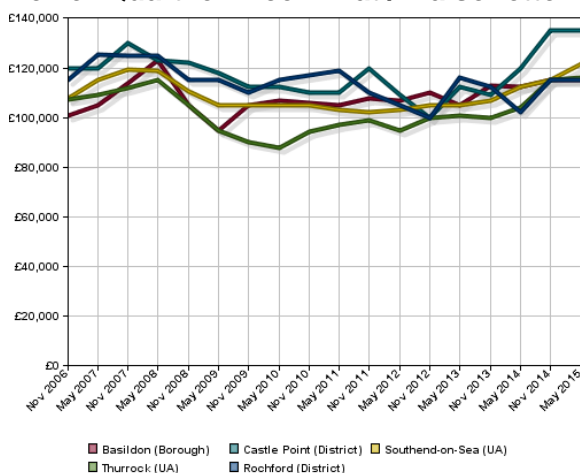


The graph shows the sustained recovery in house prices since the recession in 2008/9.

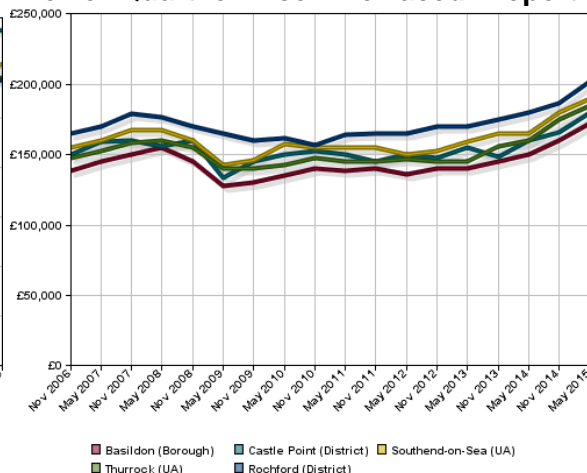
In May 2015, the highest overall lower quartile property price in TGSE was in Rochford at **£225k**, followed by Castle Point **£198k**, Basildon **£176k**, Southend **£170k** and Thurrock **£168k**.

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 fifth quarter running; in Rochford by **£30k**, Southend **£22k**, Castle Point **£25k**, Thurrock **£18k**, and Basildon **£17k**.

Lower Quartile Price – Flat / Maisonette



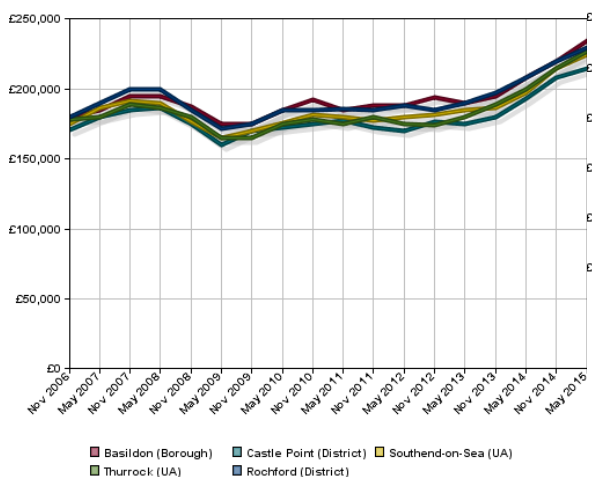
Lower Quartile Price – Terraced Properties



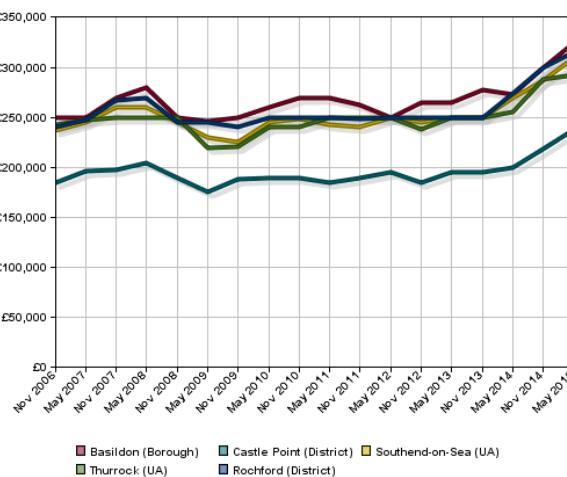
The above charts show a mixed picture. Prices of flat / maisonette property continue to rise in Southend but have levelled out in Castle Point and Rochford and to a lesser extent in Thurrock. The price of flats and maisonette in Castle Point were as much as £20k higher in comparison with other authorities.

For terraced property, prices have all risen since November 2013 with Rochford commanding the highest prices at £203k.

Lower Quartile Price – Semi Detached



Lower Quartile Prices – Detached



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

For detached properties, from May 2014 prices rose more sharply, although less so in Thurrock where prices have levelled out.

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

| | Thurrock | | | | | |
|-------|----------------------|---------------------|-----------------------|----------------------|------------------------------|-------|
| | 2nd Hand House Sales | 2nd Hand Flat Sales | New Build House Sales | New Build Flat Sales | Overall property price bands | |
| 2011 | 1,250 | 201 | 86 | 77 | | 2.50% |
| 2012 | 1,228 | 272 | 97 | 114 | | 2.70% |
| 2013 | 1,503 | 321 | 115 | 113 | | 3.20% |
| 2014 | 1,878 | 567 | 147 | 69 | | 4.20% |
| 2015* | 414 | 133 | 23 | 12 | | 0.90% |

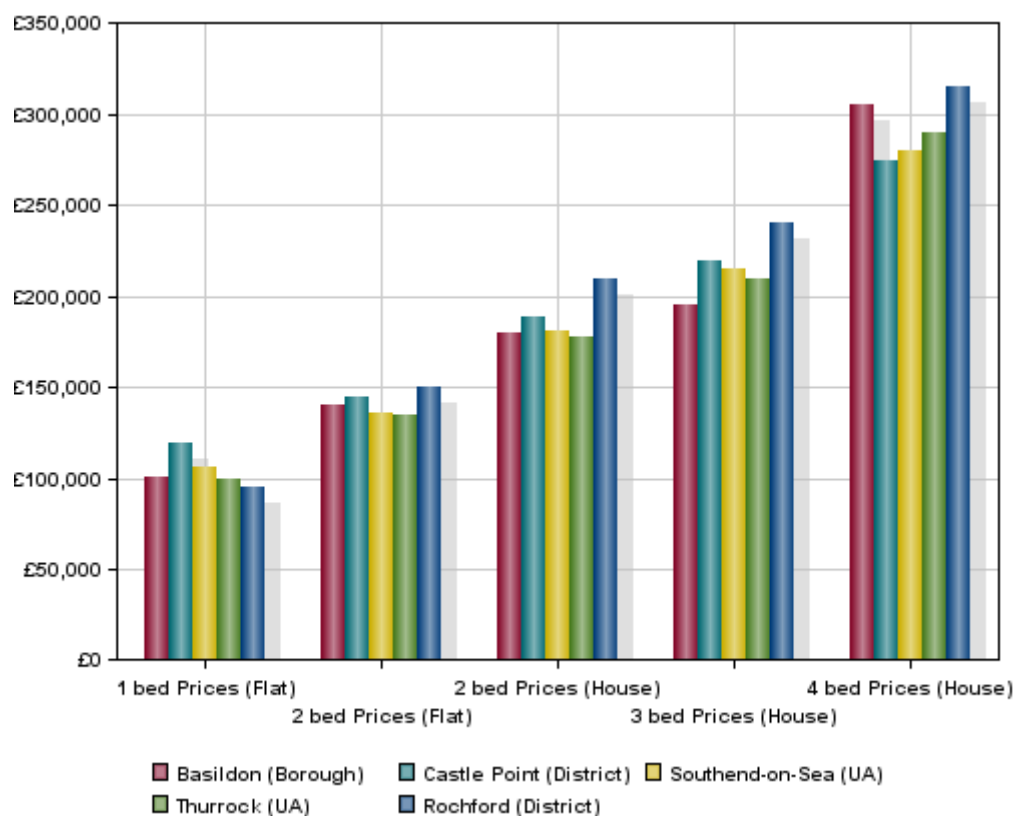
*January – May only

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

Annual turnover between 2011 and 2014 has increased for 2nd hand flat and new build house sales. New build flat sales fell below 2011 figures in 2014 while 2nd hand house sales have grown steadily since to 2012.

The total turnover is also shown as a proportion of overall property, based on Land Registry data. Turnover has increased and was **4.20%** in 2014. However, it is still significantly down from pre 2008 figures where it was **6.60%** in 2007 (see TGSE Housing Market Trends Quarterly Report, July 2010).

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

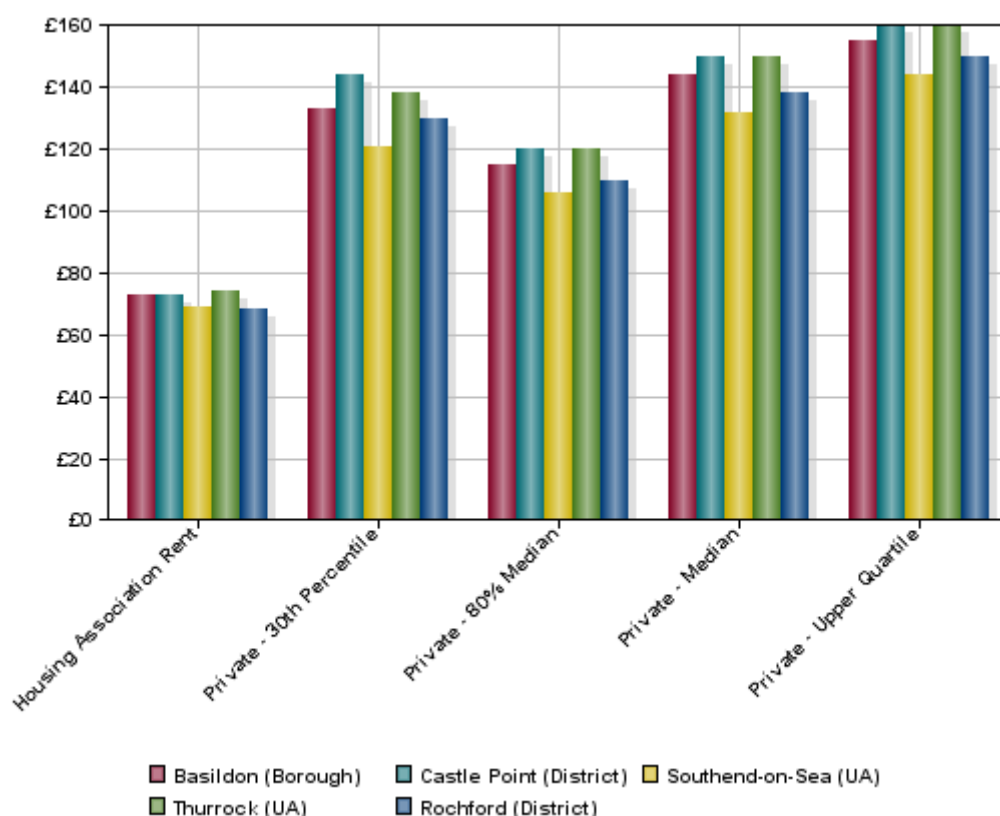


Latest Data Only For Comparison LQ (May 2015)

| | Basildon | Castle Point | Southend | Thurrock | Rochford |
|----------------------|----------|--------------|----------|----------|----------|
| 1 bed Prices (Flat) | 100,500 | 119,500 | 106,500 | 99,625 | 95,000 |
| 2 bed Prices (Flat) | 140,000 | 145,250 | 136,375 | 135,000 | 149,995 |
| 2 bed Prices (House) | 179,550 | 188,500 | 181,500 | 177,750 | 210,000 |
| 3 bed Prices (House) | 195,000 | 220,000 | 214,875 | 210,000 | 240,000 |
| 4 bed Prices (House) | 305,000 | 274,998 | 280,000 | 290,000 | 315,000 |

The above graph and table show the lower quartile price of property by bed count in the TGSE sub region based on May 2015 figures. For 1 bed flats; Castle Point had the highest priced property whilst for all other house sizes it was Rochford.

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 | 133 | 144 | 121 | 138 | 130 |
| Private - 80% Median | 115 | 120 | 106 | 120 | 110 |
| Private – Median | | | | | |
| May 2015 | 144 | 150 | 132 | 150 | 138 |
| May 2014 | 138 | 138 | 126 | 144 | 132 |
| May 2013 | 132 | 137 | 121 | 132 | 126 |
| May 2012 | 132 | 137 | 121 | 132 | 126 |
| Private - Upper Quartile | 155 | 160 | 144 | 160 | 150 |
| Difference between 80% Median and HA rent | 42.1 | 46.9 | 37.2 | 46 | 41.8 |

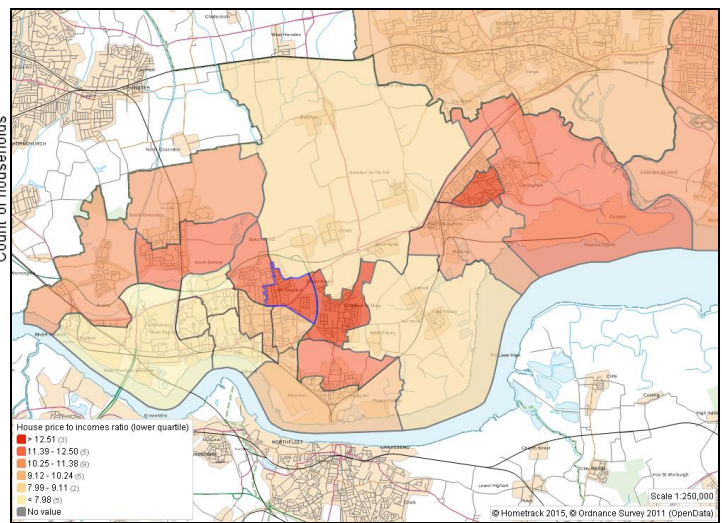
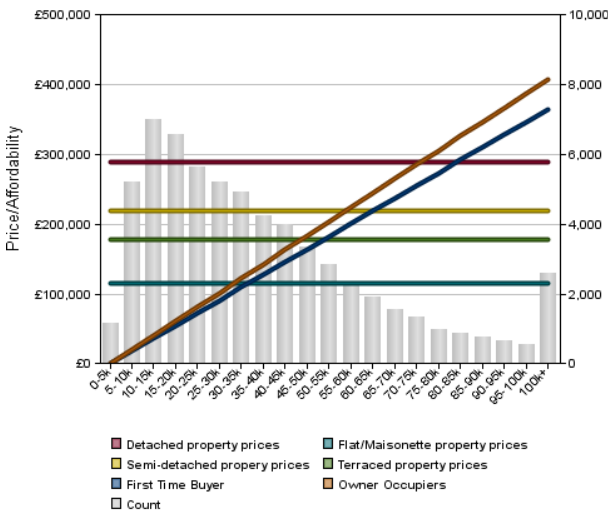
The above table and graph show the weekly cost of renting a one bed room property across a range of quartiles based on May 2015 prices. Importantly, it allows a comparison to be made between Housing Association Rent and Affordable Rent at 80% of market rent.

TGSE Private renting (median) is now most expensive in Castle Point and Thurrock at **£150**, followed by Basildon at **£144**, Rochford at **£138** and Southend at **£132** per week.

Between, May 2012-15, rent per week rose in Thurrock **£18**, Castle Point by **£13**, Basildon and Rochford **£12**, and Southend **£11**.

Affordability: 3.0 times income
Sample Area: Thurrock

LQ House price to income ratio Thurrock wards

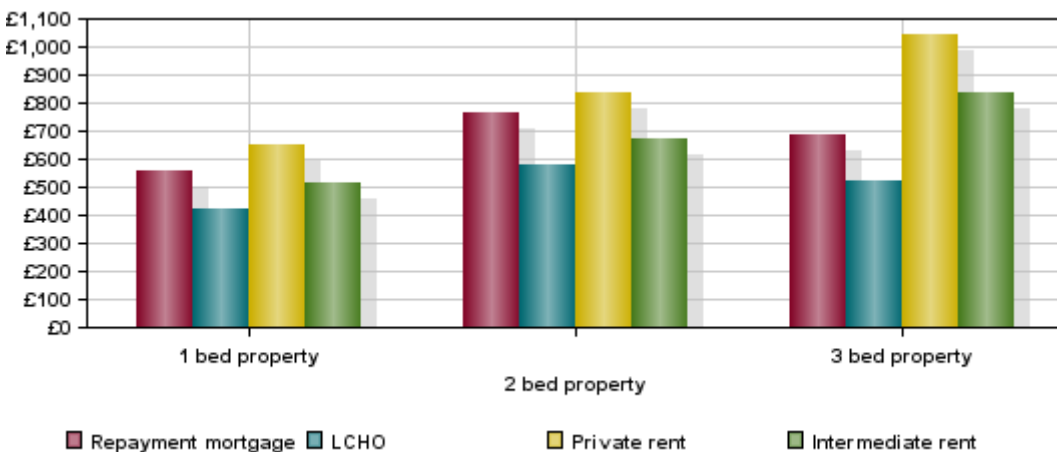


This above chart and map show affordability in Thurrock both by income band and spatially. The chart to the left shows the number of households in different household income bands compared to the minimum price for different property types in the same area (horizontal lines). The diagonal lines rising 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 Thurrock are priced out of the property market. For example, **56%** 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 **74%** 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 Little Thurrock Blackshots, Chadwell St Mary, Stanford East and Corringham Town wards all have ratios in excess of 13:1 highlighting the issue of affordability.

Affordability calculator for Thurrock



The above graph and table over page provides a cost comparison between different tenures in Thurrock 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 | £110,000 | £563 | £426 | £650 | £520 |
| 2 bed property | £150,000 | £767 | £581 | £841 | £673 |
| 3 bed property | £135,000 | £691 | £523 | £1,049 | £839 |

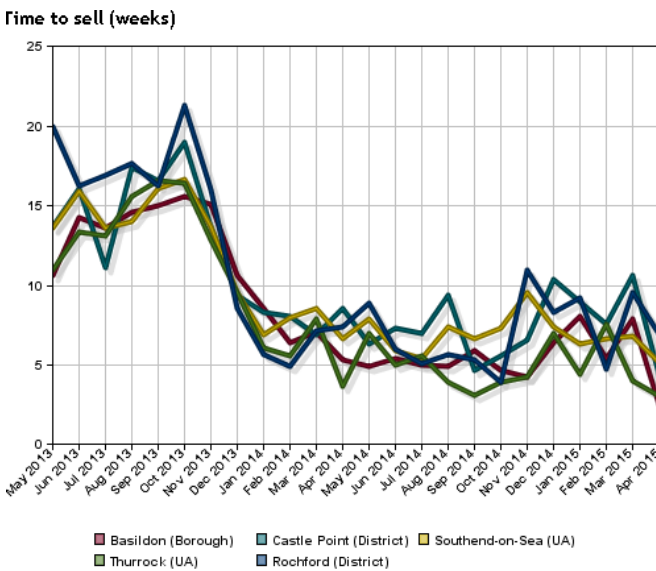
For Thurrock; Low Cost Home Ownership followed by Intermediate Rent was the cheapest form of tenure and Private Rent followed by Repayment Mortgage was the most expensive.

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

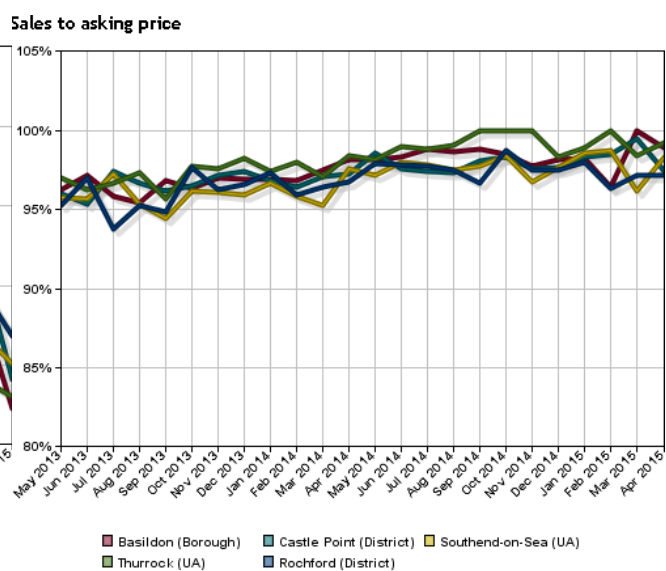
Whilst the sample area for this Quarterly Report is Thurrock, information can be readily made available for other TGSE local authorities on request.

Market Indicators

Time to Sell (weeks)



Sales to Asking Price



The above graph shows a generally improving trend; with the “time to sell” since March 2015 falling suggesting a possible supply shortage.

The sales to asking price rose in Southend and Thurrock but declined in the remaining three TGSE Local Authorities. The consistently high “sales to asking” price also suggests there is high demand.

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 |
| Nov-06 | 145,000 | 160,000 | 136,000 | 144,000 | 179,500 |
| May-07 | 149,995 | 170,000 | 141,000 | 148,000 | 180,000 |
| Nov-07 | 155,000 | 172,995 | 148,000 | 147,000 | 193,500 |
| May-08 | 159,000 | 170,000 | 146,000 | 149,995 | 195,000 |
| Nov-08 | 153,000 | 170,000 | 140,000 | 147,500 | 183,000 |
| May-09 | 140,000 | 158,000 | 135,000 | 140,000 | 173,000 |
| Nov-09 | 145,000 | 165,000 | 143,000 | 140,000 | 175,000 |
| May-10 | 148,500 | 163,000 | 149,000 | 140,500 | 182,000 |
| Nov-10 | 154,000 | 170,000 | 149,995 | 148,000 | 185,000 |
| May-11 | 148,000 | 163,000 | 146,950 | 147,000 | 185,000 |
| Nov-11 | 151,000 | 169,000 | 150,000 | 142,000 | 185,000 |
| May-12 | 149,995 | 167,500 | 143,000 | 140,000 | 181,000 |
| Nov-12 | 152,000 | 162,000 | 150,000 | 141,000 | 185,000 |
| May-13 | 148,000 | 165,000 | 150,000 | 141,000 | 188,000 |
| Nov-13 | 156,000 | 174,000 | 155,000 | 149,995 | 190,000 |
| May-14 | 160,000 | 178,000 | 157,500 | 150,000 | 205,000 |
| Nov-14 | 167,500 | 190,000 | 165,000 | 165,000 | 215,000 |
| May-15 | 176,000 | 197,500 | 170,000 | 168,000 | 225,000 |
| Change May 14 May 15 | 16,000 | 19,500 | 12,500 | 18,000 | 20,000 |
| Change Peak – May 2015 | 17,000 | 24,505 | 22,000 | 18,005 | 30,000 |

Red – Denotes peak prices before recession

Source: Hometrack Housing Intelligence System



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