

# Thames Gateway South Essex

## Housing Market Trends

### Quarterly Report

### October 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](http://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

- Annual house price growth in September was 8.6%.
- The quarter change was 2.0% and the average price was £202,859.
- Increasing demand combined with very low supply continues to drive house prices.
- Many sales are to buyers with nothing to sell which created a greater imbalance between supply and demand as stock is replaced at a slower rate.
- The gap between London and other major regional cities is at its widest for 20 years.

### Local House Prices

- The annual house price growth in August for TGSE was 10.84% or £26.8k
- The highest overall Lower Quartile (LQ) house price was in Rochford at £234k, followed by Castle Point £207k, Basildon £185k, Thurrock £175k, and Southend £170k.
- When compared with pre-recession prices in 2007/8 when they peaked, prices are now consistently higher for the sixth successive quarter in Rochford by £39k, Castle Point £33k, Basildon £27k, Thurrock £25k and Southend £24k.
- The relatively low turnover rates compared to historic rates means that homeowners are moving on average no more than every 20 years.

### 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 and Southend at £137.
- Between, August 2011-15, rent per week had risen in Thurrock by £18, Southend £16, Castle Point £13, Basildon £12 and Rochford by £5.

### Affordability

- Lack of affordable housing remains a significant issue across the sub region, where for example in Castle Point 63% of first time buyers cannot afford a flat or maisonette based on a mortgage at 3.0 times their income. This rises to 76% for those wishing to purchase a terraced property and 88% for a detached property.
- The latest ratio between LQ house prices and LQ household disposable income in some central and Southern wards of Castle Point were in excess of 12:1, compared to 10:85 being the average for the TGSE Postal area SS.

## National Trends






According to the Halifax House Price Index; the annual house price growth in September was 8.6%, the quarterly change was 2.0% and the average price was £202,859. Whilst the rate of growth has eased marginally, housing demand has been strengthening, underpinned by economic growth, rising real earnings and very low mortgage rates. Increasing demand combining very low supply continued to drive house prices growth.

The gap between house prices in London and other major regional cities is at its widest for 20 years, according to the August 2015 UK Cities House Price Index data. Overall city level house price inflation is running at 8.3% up from 6.6% in May. <https://www.hometrack.com/uk/insight/uk-cities-house-price-index/>

## 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 August 2014 – August 2015

Local Authority	Aug 2014	Aug 2015	Change	%
Basildon	252,579	284,275	+£31,696 	+12.55 (10.01)
Castle Point	245,572	272,688	+£27,116 	+11.04 (9.28)
Rochford	277,283	309,113	+£31,830 	+11.48 (12.81)
Southend	243,428	266,525	+£23,097 	+9.49 (9.36)
Thurrock	210,092	230,352	+£20,260 	+9.64 (11.48)

*Annual % price rise for May 2014 – May 2015 shown in brackets*

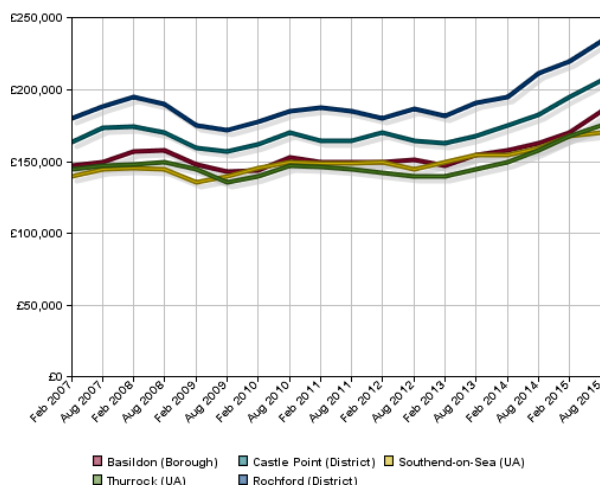
Looking at the overall change in average house prices in the TGSE sub region between August 2014 and August 2015 (over a ten year time-span), prices rose in all five TGSE Local Authority areas by as much as **£31,830 or 12.55%** (averaging 10.84% or £26,800). The highest price rise was in Rochford, followed by Basildon, Castle Point, Southend and Thurrock.

Annual house price growth for all TGSE Local authorities was higher in August than in the previous reporting period of May and higher than the national figure which was 9.0% in August.

## 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

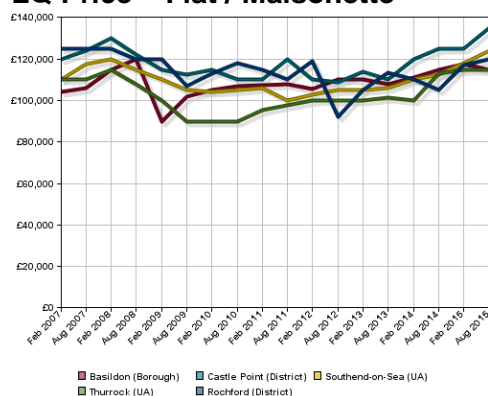


The graph shows the sustained recovery in house prices since the recession in 2008/9.

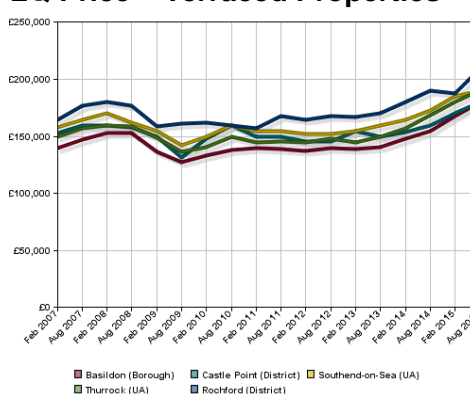
In August 2015, the highest overall lower quartile property price in TGSE was in Rochford at **£233.5k**, followed by Castle Point **£207k**, Basildon **£185k**, Thurrock **£175k** and Southend **£170k**.

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 sixth quarter running; in Rochford by **£38.5k**, Castle Point **£32.5k**, Basildon **£27k**, Thurrock **£25k** and Southend **£24k**.

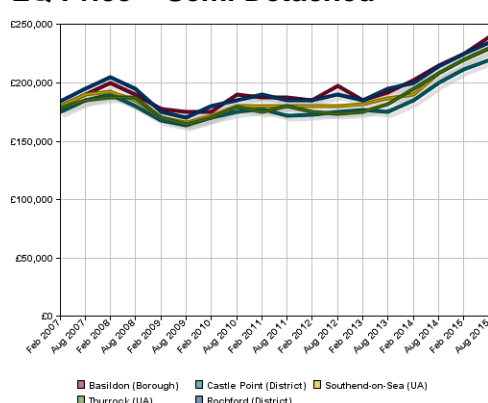
## LQ Price – Flat / Maisonette



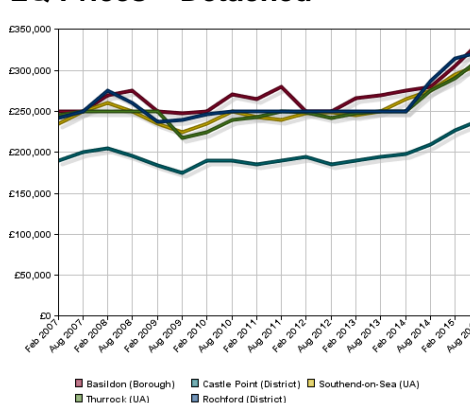
## LQ Price – Terraced Properties



## LQ Price – Semi Detached



## LQ Prices – Detached



Prices can also be shown across a range of housing types with semi detached prices showing the most consistent trends. For flats / maisonettes Castle Point had the highest priced properties whilst in Basildon prices have been more level in response to local supply and demand conditions.

## Annual Turnover by Broad Type and Age

## As a Proportion of Overall Property

	Castle Point				
	2nd Hand House Sales	2nd Hand Flat Sales	New Build House Sales	New Build Flat Sales	Overall property price bands
2011	865	60	22	11	2.50%
2012	942	74	14	22	2.80%
2013	1,188	100	25	5	3.50%
2014	1,323	132	50	22	4.10%
2015*	477	49	18	2	1.50%

\*January – August only

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.

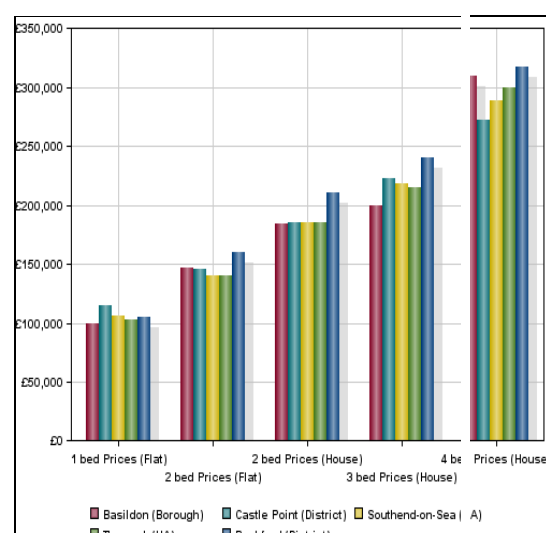
Annual turnover between 2011 and 2014 has increased for 2<sup>nd</sup> hand houses, flat and new build house sales. The supply of new build flat sales has fluctuated.

The total turnover is also shown as a proportion of overall property, based on Land Registry data. Turnover has increased and was **4.10%** in 2014. However, it is still down from pre recession figures where it was **5.5%** in 2007 (see TGSE Housing Market Trends Quarterly Report, January 2011).

This relatively low rate of turnover by historic standards means that homeowners are only moving on average every 20 years or more. Furthermore, many sales are to buyers with nothing to sell which creates a greater imbalance between supply and demand as stock is replaced at a slower rate.

## Lower Quartile Price of Property by Bed Count (August 2015)

	Basildon	Castle Point	Southend	Thurrock	Rochford
1 bed Prices (Flat)	100,000	115,000	106,500	103,250	105,000
2 bed Prices (Flat)	146,500	145,750	140,000	140,000	160,000
2 bed Prices (House)	184,000	185,500	185,000	185,000	210,688
3 bed Prices (House)	200,000	222,625	218,000	215,000	240,000
4 bed Prices (House)	310,000	272,250	289,000	300,000	318,000



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 (denoted in red).

## 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	136	150	126	144	132
Private - 80% Median	115	120	110	120	110
Private – Median					
Aug 2015	144	150	137	150	137
Aug 2011	132	137	121	132	132
Private - Upper Quartile	155	161	150	161	150

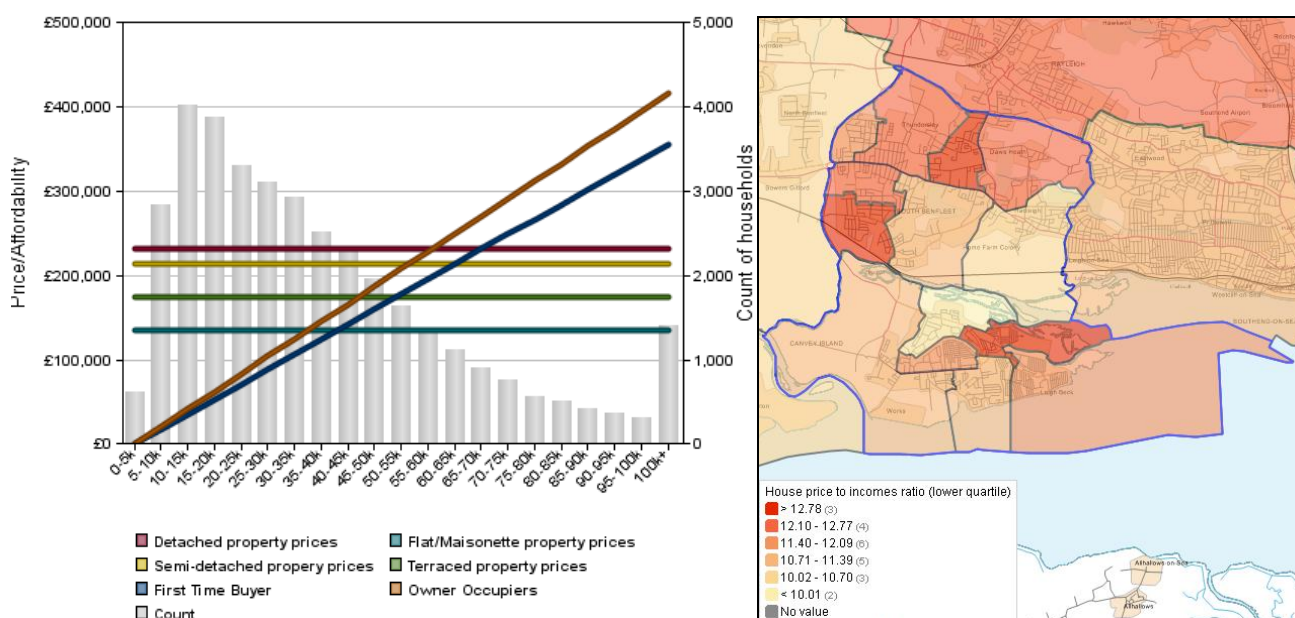
The above table show the weekly cost of renting a one bed room property across a range of quartiles based on August 2015 prices.

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

Between, August 2011-15, rent per week rose in Thurrock by **£18**, Southend by **£16**, Castle Point by **£13**, Basildon by **£12**, and Southend by **£11**.

### Affordability: 3.0 times income Sample Area: Castle Point

### LQ House price to income ratio Castle Point wards



This above chart and map show affordability in Castle Point 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 Castle Point are priced out of the property market. For example, **63%** 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 **76%** for those wishing to purchase a terraced property and **88%** for a detached property.

The heat map to the right compares the Lower Quartile house price to income ratios across individual wards in Castle Point. The wards of St Mary's, Cedar Hall and Canvey Island North all have ratios in excess of 12:1 highlighting the issue of affordability.

### Affordability calculator for Castle Point



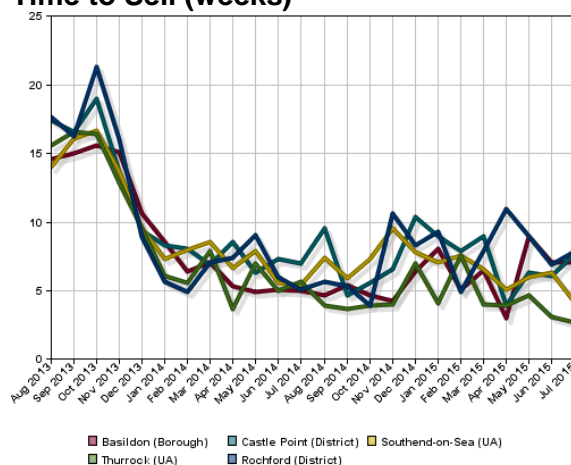
The above graph provides a cost comparison between different tenures in Castle Point and is based on the average price for 1, 2 and 3 bedroom properties using a combination of sales and valuations data as well as open market and intermediate rental values.

For Castle Point; 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.

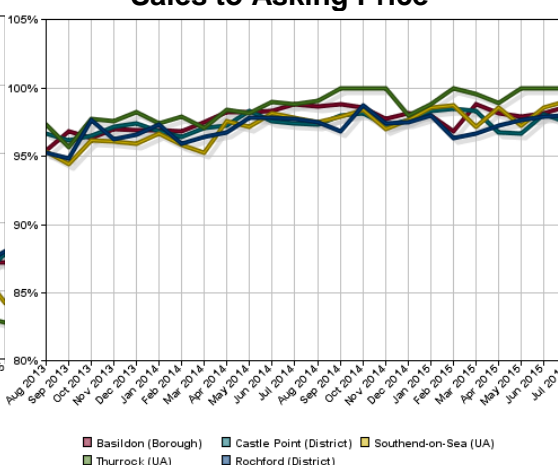
Given the price range between different tenures and products, this illustrates the value of undertaking comparison checks when considering affordability. Whilst the sample area for this Quarterly Report is Castle Point, information can be readily made available for other TGSE local authorities on request.

### Market Indicators

#### Time to Sell (weeks)



#### Sales to Asking Price



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

The sales to asking price remains consistently high suggesting there is high demand.

## Appendix 1 – Overall House Price by Local Authority Area over a 10 year period

	<b>Basildon (Borough)</b>	<b>Castle Point (Borough)</b>	<b>Southend-on- Sea (UA)</b>	<b>Thurrock (UA)</b>	<b>Rochford (District)</b>
	Lower Quartile	Lower Quartile	Lower Quartile	Lower Quartile	Lower Quartile
Feb-07	147,000	164,000	140,000	145,000	179,995
Aug-07	150,000	174,000	145,000	147,500	188,500
Feb-08	157,000	174,500	146,000	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	143,000	157,000	140,000	136,000	172,000
Feb-10	144,000	162,000	146,000	140,000	177,950
Aug-10	153,000	170,000	150,000	147,000	185,000
Feb-11	150,000	165,000	149,000	146,500	187,500
Aug-11	150,000	165,000	149,000	145,000	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	140,000	182,000
Aug-13	154,995	168,000	155,000	145,000	191,000
Feb-14	158,000	175,000	155,000	149,995	195,000
Aug-14	163,000	182,500	160,000	158,000	211,500
Feb-15	170,000	195,000	168,000	168,000	220,000
Aug-15	185,000	207,000	170,000	175,000	233,500
<b>Change Aug 14 Aug 15</b>	<b>22,000</b>	<b>24,500</b>	<b>10,000</b>	<b>17,000</b>	<b>22,000</b>
<b>Change Peak – Aug 15</b>	<b>27,000</b>	<b>32,500</b>	<b>24,000</b>	<b>25,000</b>	<b>38,500</b>

Red – Denotes peak prices before recession

Source: Hometrack Housing Intelligence System



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