

THAMES GATEWAY SOUTH ESSEX

Strategic Housing Market Assessment: Update

22nd January 2010



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STRUCTURE

- SHMA Background
- The Housing Offer
- Recent Market Performance
- Demographics
- Emerging Themes



SHMA BACKGROUND

SHMA PURPOSE

- TGSE SHMA completed in 2008
- Provide long-term strategic views of housing need and demand
- Understand the nature and influence of functional housing markets
- Forecasting future housing demand
- Evidence base to support policies for the mix of housing



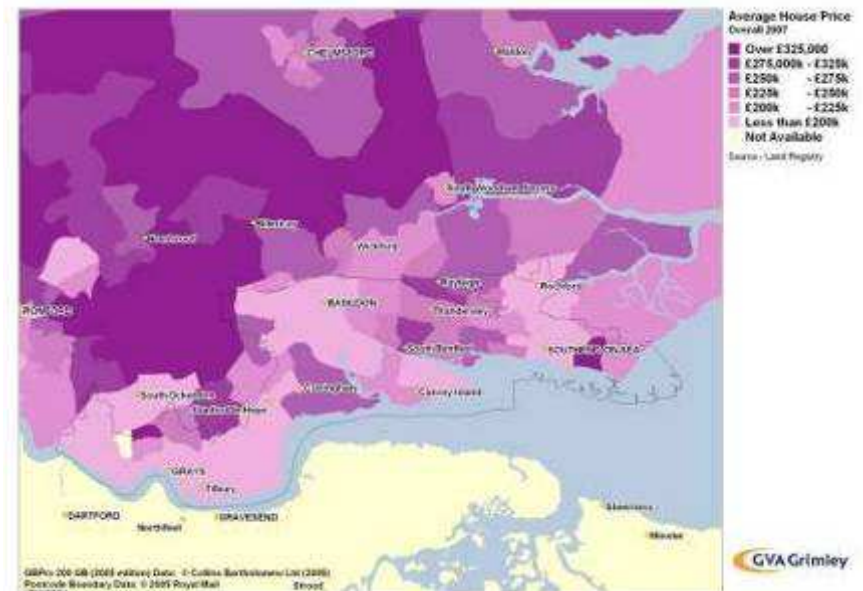
Strategic
Housing Market
Assessments

Practice Guidance
Version 2

planning

A FUNCTIONAL SUB-REGIONAL HOUSING MARKET

- Single Sub-Regional Housing Market
- Similar House Price and Socio-Economic Characteristics
- Sub-Markets based on Main Towns
- Commuting & Migration Inter-Dependencies
- 71% Commuting Self-Containment
- 21% Commute to London
- Affordable in Regional Context





CURRENT HOUSING OFFER

- High housing wealth: 85% owner occupied (84% East, 81% England) with 3 in 4 households are owner occupiers
- Parts of the sub-region play different roles in providing housing choice
- Distinction between main towns and smaller settlements/ rural areas
- More rounded offer in Southend sub-market, more narrow in Thurrock and Basildon
 - Rochford, Hockley and Benfleet provide larger family and high-end housing that complements smaller housing in Southend

CURRENT HOUSING OFFER

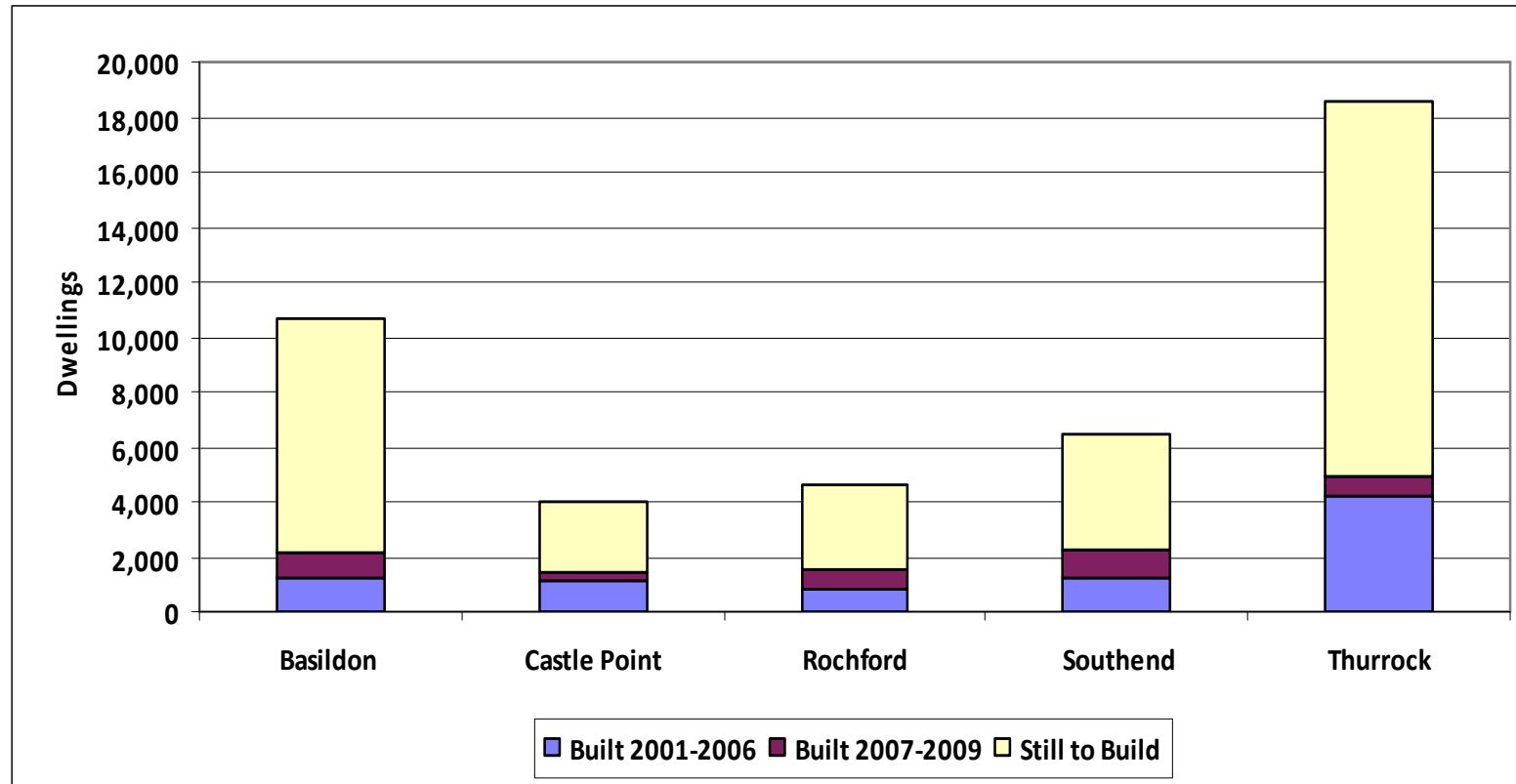
- Market focused on mid-range family housing: above average 2 and 3 bedroom properties
- Under-developed flatted and urban living offer to appeal to younger households
- Concentrations of social rented provision in Basildon (23%) and Thurrock (21%); with higher private renting in Southend (14%)
- Below average affordable housing sector which has declined (e.g. through right-to-buys) makes it difficult to meet housing need
- Future opportunities to diversify the housing and socio-economic profile, particularly in Basildon and Thurrock



RECENT MARKET PERFORMANCE



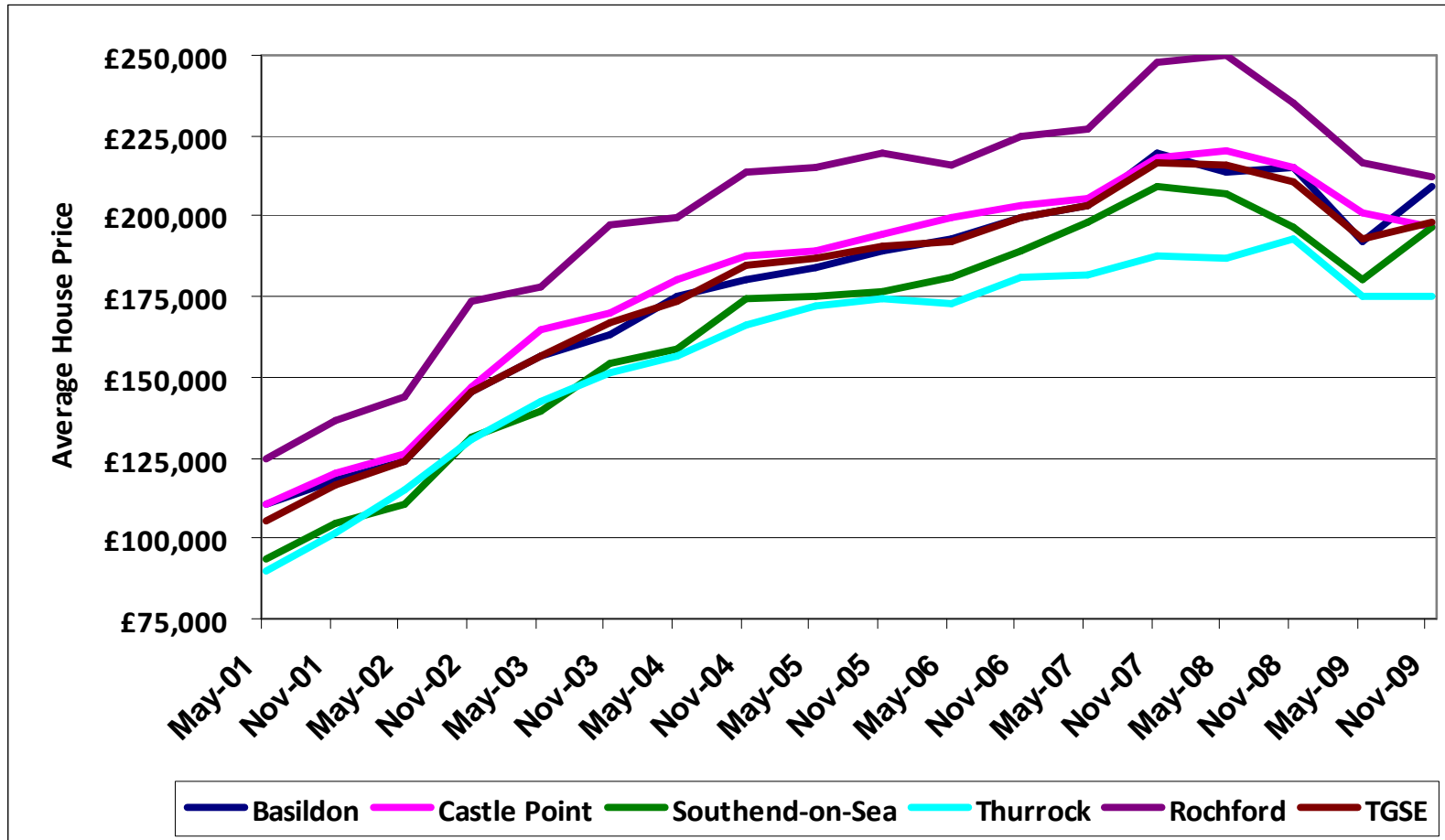
HOUSING SUPPLY



Source- AMR *Basildon includes allowance for 2,200 outside Essex Thames Gateway Source AMR 2009

- **Rochford & Southend broadly on target since SHMA publication**

AVERAGE HOUSE PRICES



Source – Hometrack 2009

- Year on Year falls in all LA's
- Basildon and Southend showing "green shoots"



AVERAGE HOUSE PRICES

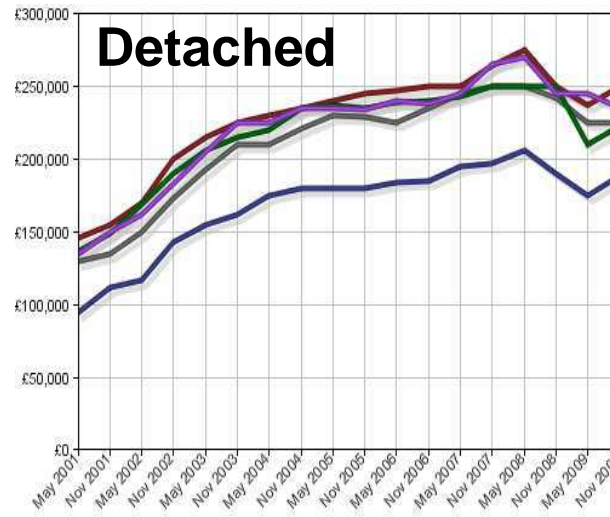
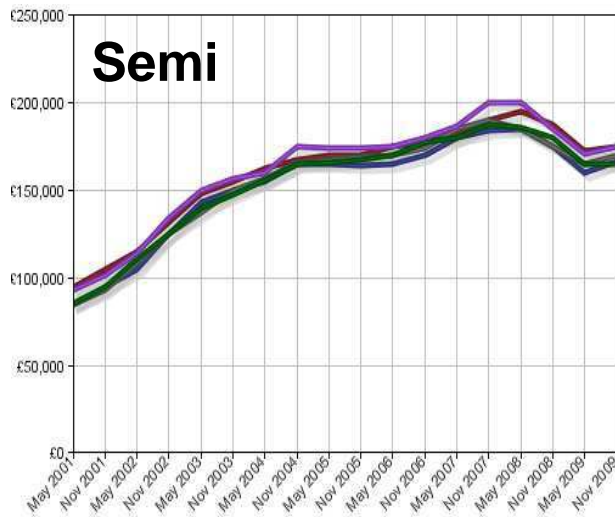
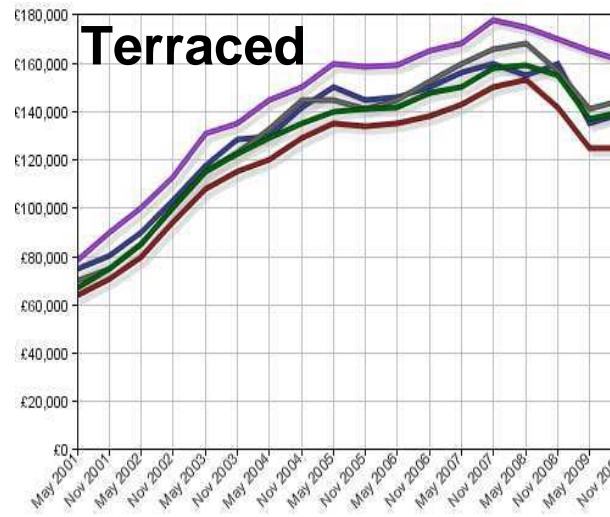
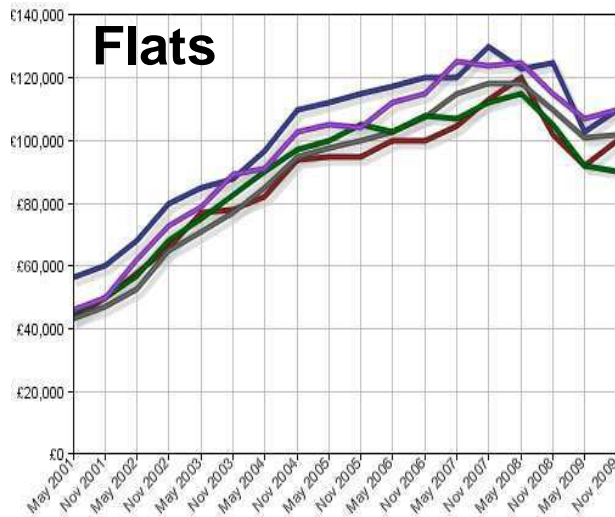
Post Town	2006	2007	2008	2009	06-09 % Change
Basildon	166,101	181,341	157,742	138,405	-16.7
Benfleet	237,587	262,917	208,122	202,012	-15.0
Billericay	268,198	451,438	316,704	248,500	-7.3
Canvey Island	192,678	201,300	181,954	149,075	-22.6
Grays	198,049	207,974	235,095	205,814	3.9
Leigh on Sea	220,623	259,971	227,427	208,829	-5.3
Rayleigh	221,305	243,622	226,280	201,600	-8.9
Rochford	N/A	205,642	199,719	240,596	17.0
South Ockendon	153,143	168,012	175,425	146,333	-4.4
Southend on Sea	187,344	223,028	214,791	237,576	26.8
TGSE	205,003	240,525	214,326	197,874	-3.3
<i>Brentwood</i>	<i>340,367</i>	<i>343,296</i>	<i>397,894</i>	<i>266,684</i>	<i>-21.6</i>
<i>Chelmsford</i>	<i>227,227</i>	<i>263,479</i>	<i>221,865</i>	<i>223,281</i>	<i>-1.7</i>

Source – Halifax House Price Index

- **Variable pattern across towns**
- **Broadly large rises in East and large falls in West**



LQ - AVERAGE PRICE BY TYPE



- Terraced and Flats largest fallers

- Semi and Detached property least affected

- Suggests Lower end of market most effected

■ Basildon (District)
 ■ Castle Point (District)
 ■ Southend-on-Sea (UA)
■ Thurrock (UA)
 ■ Rochford (District)

Source – Hometrack

■ Basildon (District)
 ■ Castle Point (District)
 ■ Southend-on-Sea (UA)
■ Thurrock (UA)
 ■ Rochford (District)



SALES VOLUMES

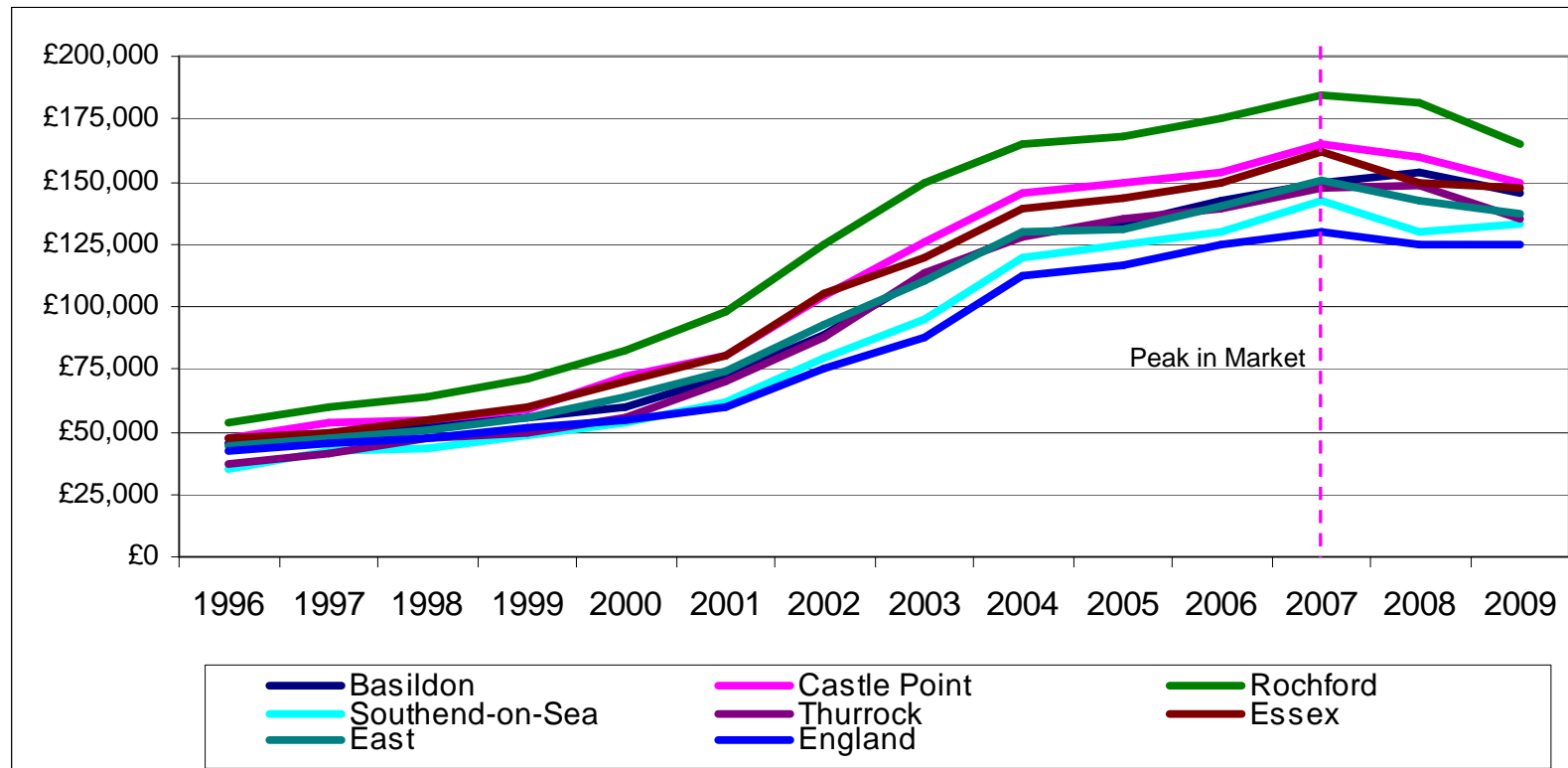
Location	2009 (to end Oct)	2008	2007
Basildon	510	927	2302
South Benfleet	332	468	1000
Rochford	224	323	738
Southend	1509	2271	4508
Grays	370	721	1706

Source – Home.co.uk

- **Decline in all districts in 2008 and likely to decline in 2009**
- **Basildon & Thurrock hardest hit**
- **Expected to decline up to 40% in one year**



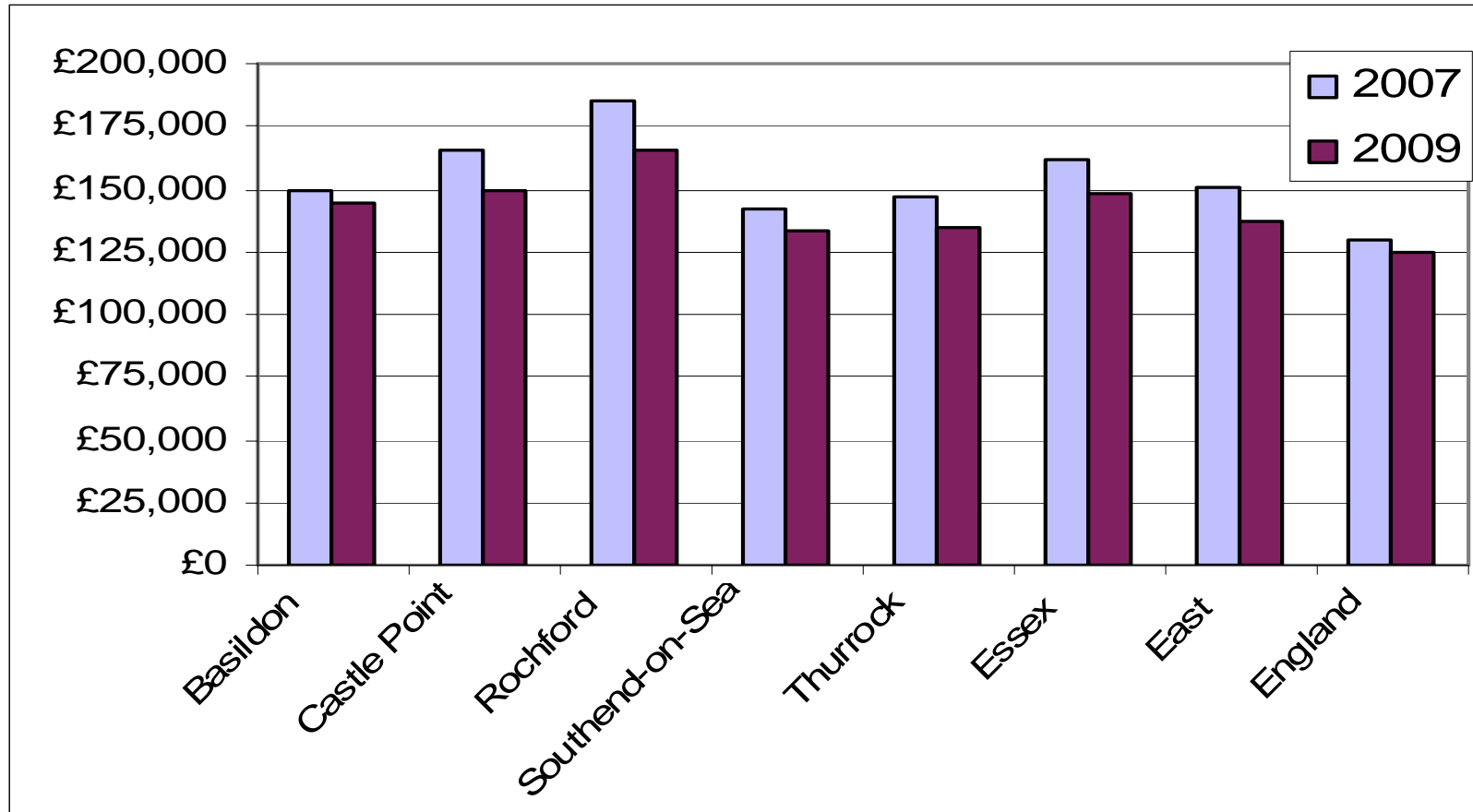
LOWER QUARTILE HOUSE PRICE



Source – CLG 2009

- Average LQ House Price in TGSE £145,600
- 7% drop between Q3 2007 and Q3 2009

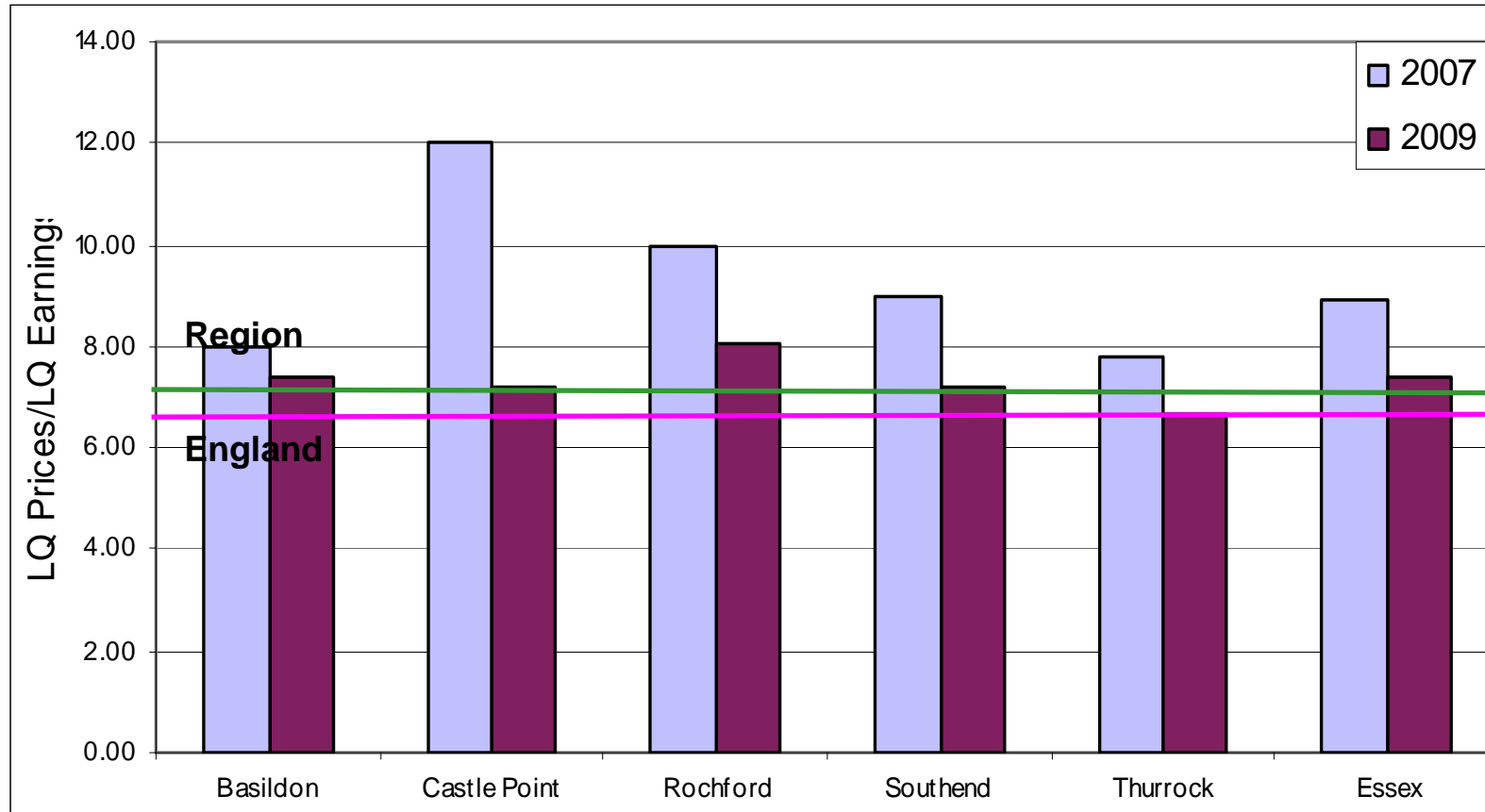
LOWER QUARTILE HOUSE PRICE



Source – CLG 2009

- Southend least expensive - £133,000
- Rochford & Castle Point see largest fall

AFFORDABILITY: LQ PRICES TO EARNINGS



Source – CLG/ASHE 2009

- Large increases in affordability in Castle Point & Southend
- Rochford only LA less affordable than Essex as a whole

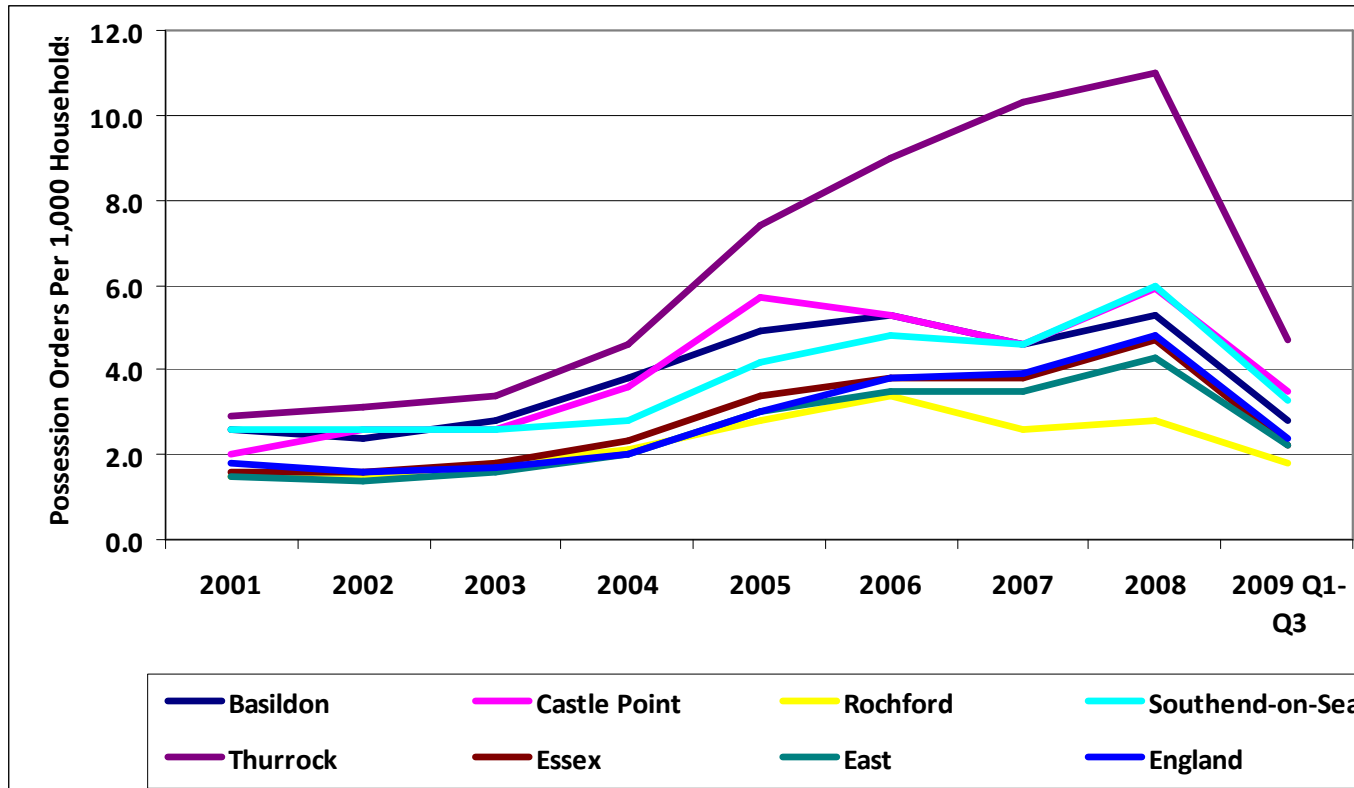
INTEREST RATES



Source – Bank of England, ONS & NOMIS 2009

- Large changes since Autumn 2008 (Credit Crunch)
- Decreases in interest should improve affordability but access to lending is much tighter

HOUSE REPOSSESSION ORDERS

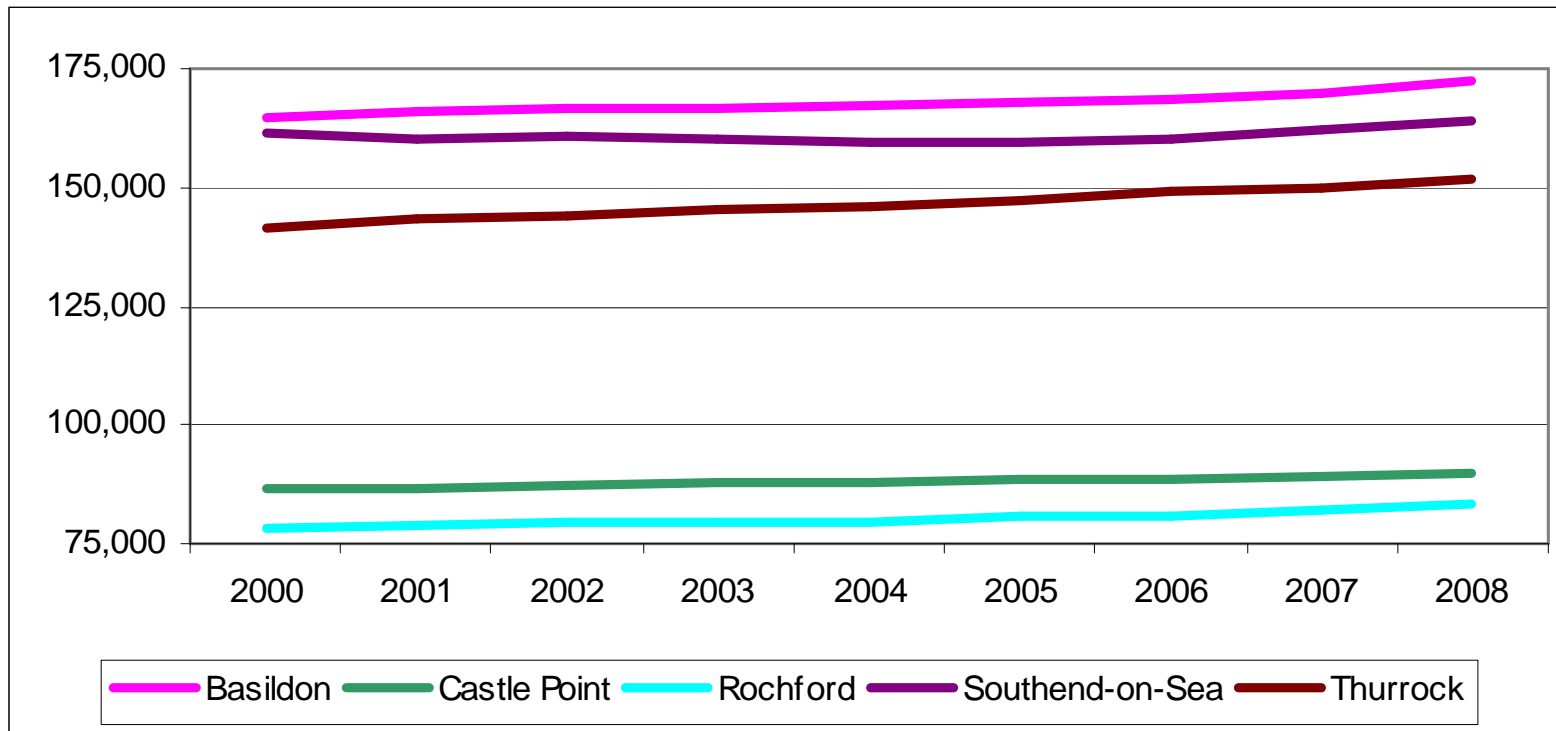


Source – Ministry of Justice (Mortgage possession claims leading to orders made per 1,000 households)

- Large rise and peak in 2008
- Falls suggests a reluctance of mortgage lenders to make possession claims



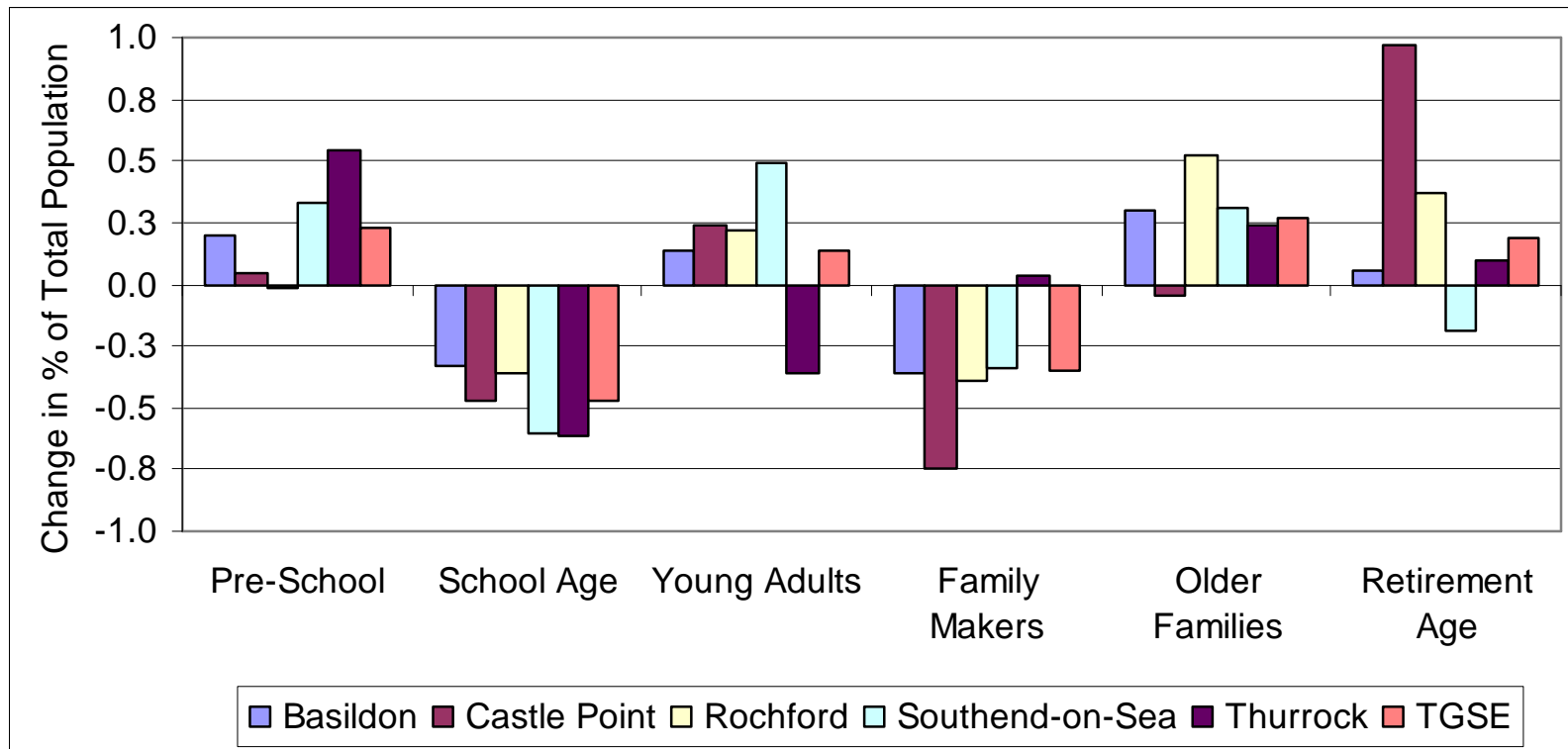
TOTAL POPULATION



Source - Nomis Mid Year Estimates 2008

- Continued growth in all districts in last 2 years (06-08)
- Total population 661,500 (14,400 increase)

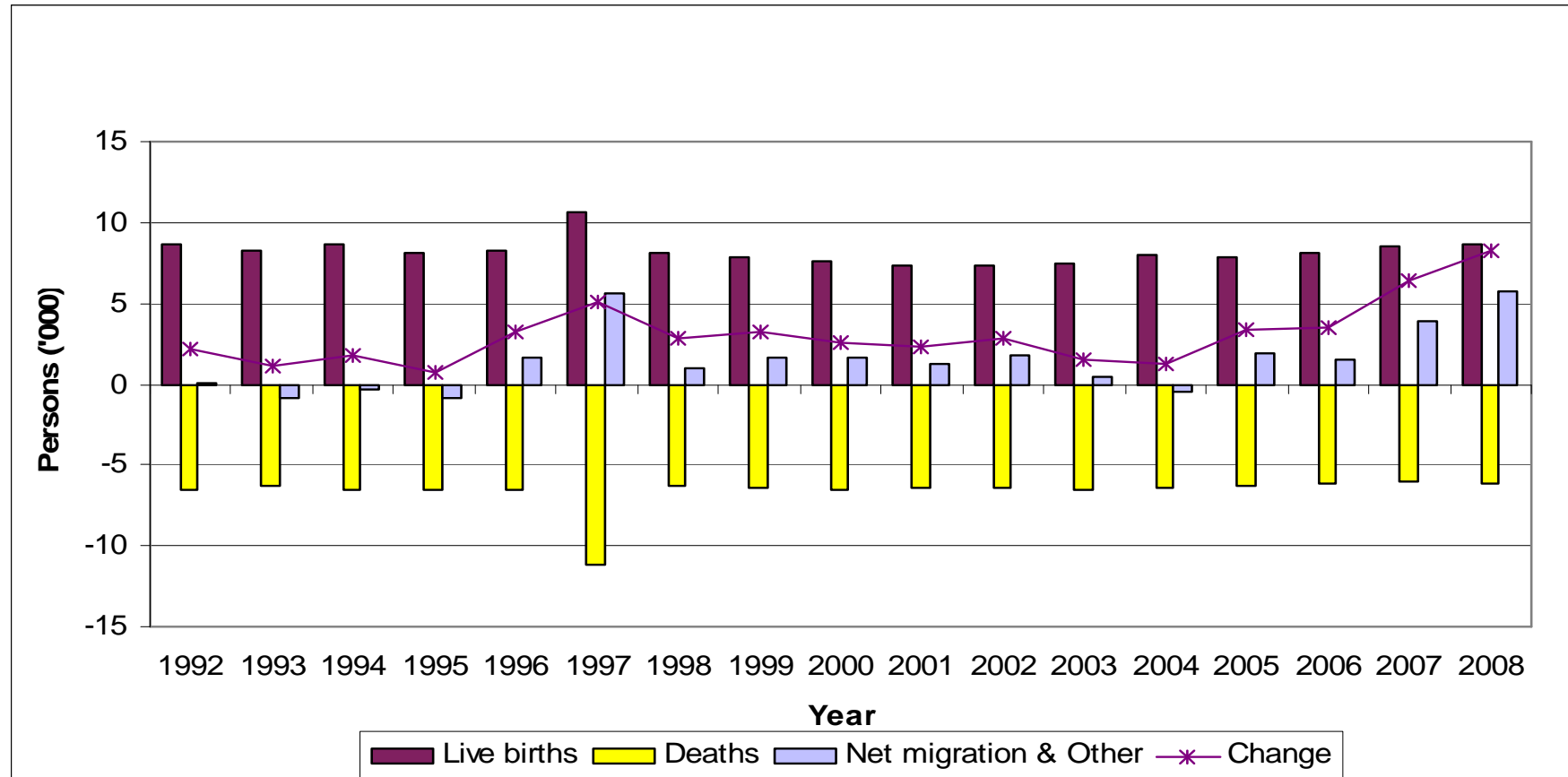
AGE STRUCTURE CHANGE 2006-2008



Source-MYE Nomis 2008

- Continued growing elderly and pre-school population
- Reductions in those aged 5-19 & 20-34

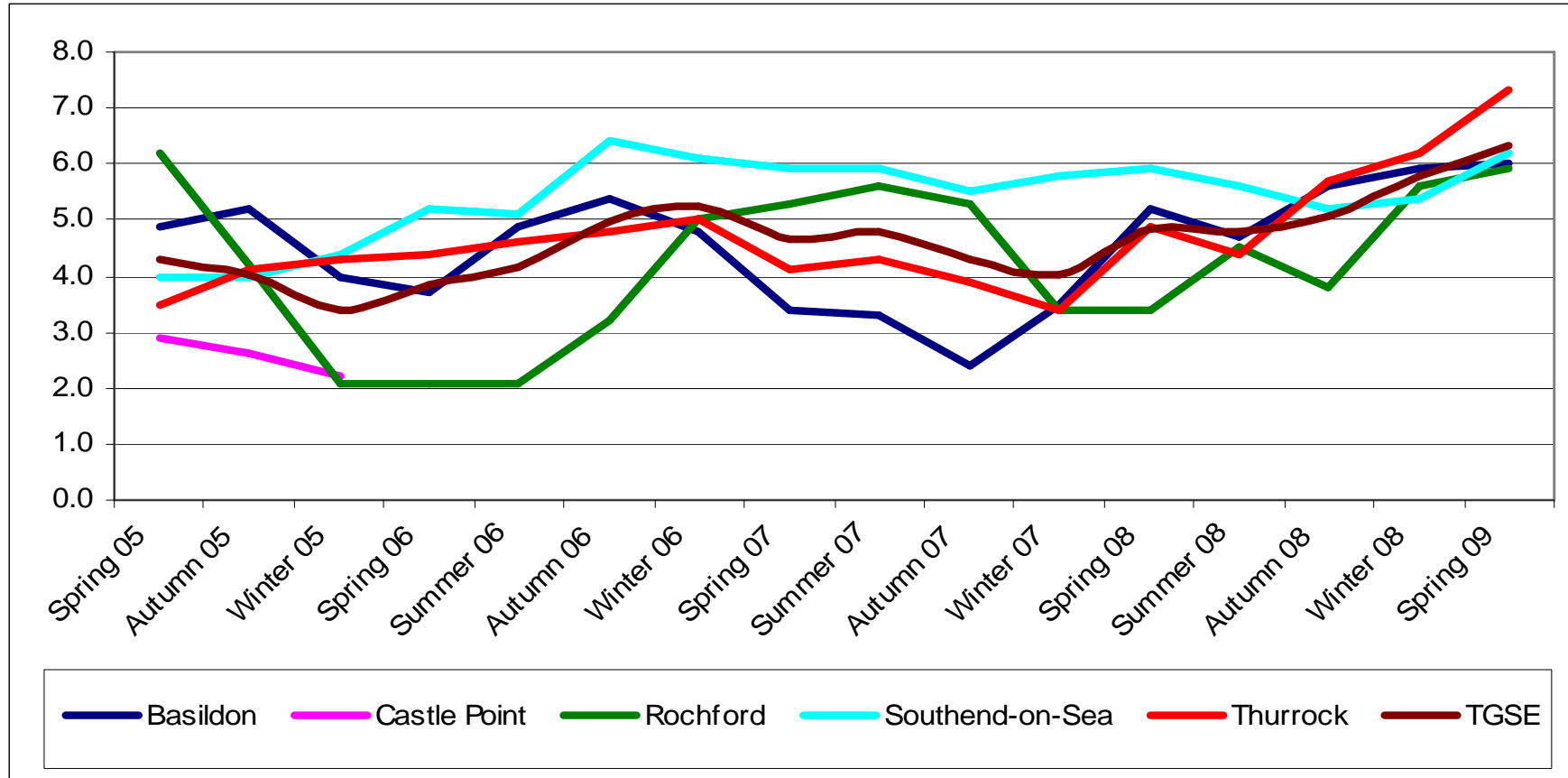
COMPONENTS OF CHANGE



Source – ONS NYE 2009 and EEDA (2007 data estimated)

- Recent growth due mainly to migration (highest since 1997)
- Although Births increasing and Deaths decreasing
- Southend and Basildon see largest increase from migration

UNEMPLOYMENT

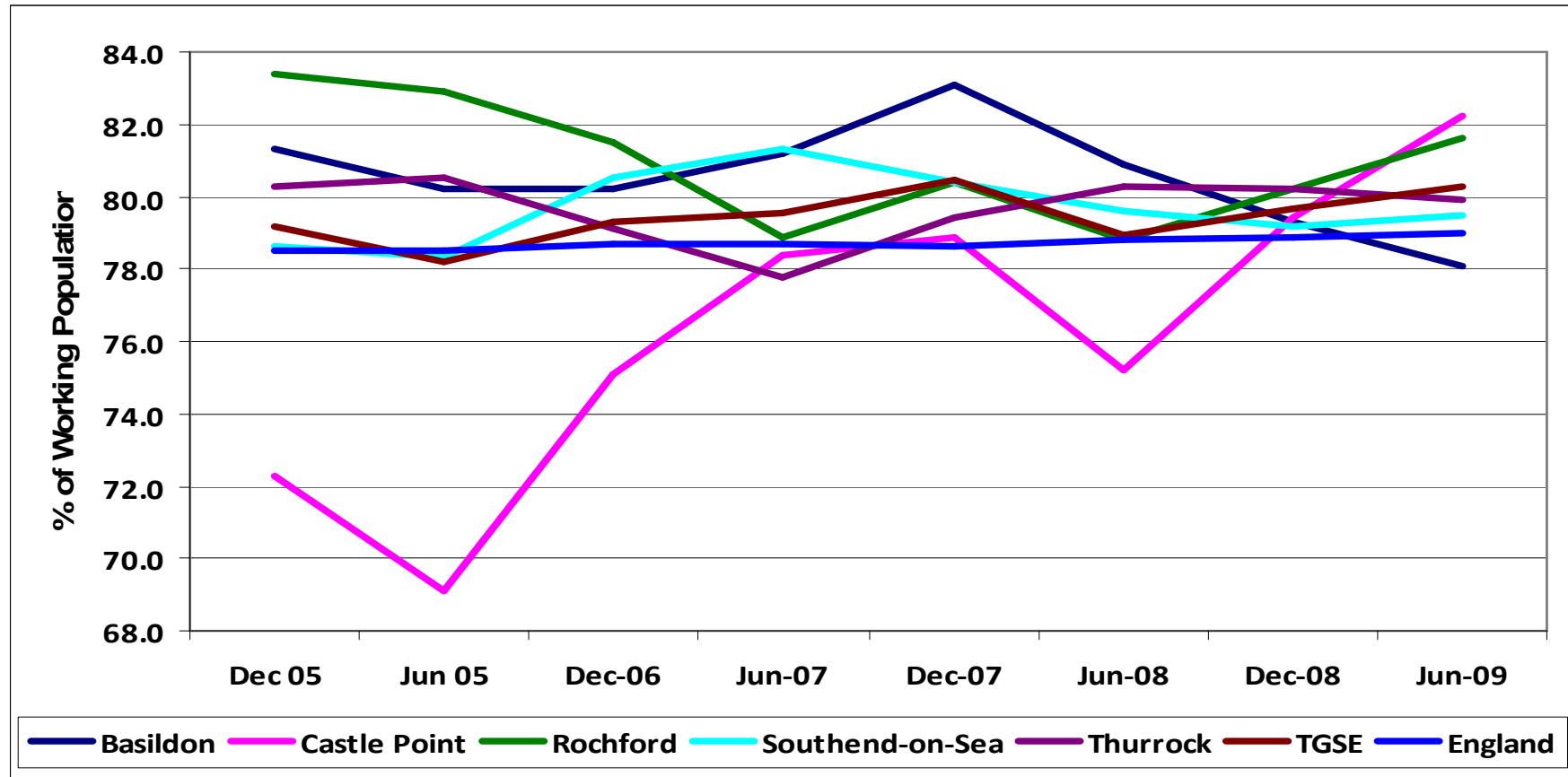


Source – NOMIS 2009

- Unemployment increased by almost 2%
- Basildon and Thurrock hit hardest



ECONOMIC ACTIVITY

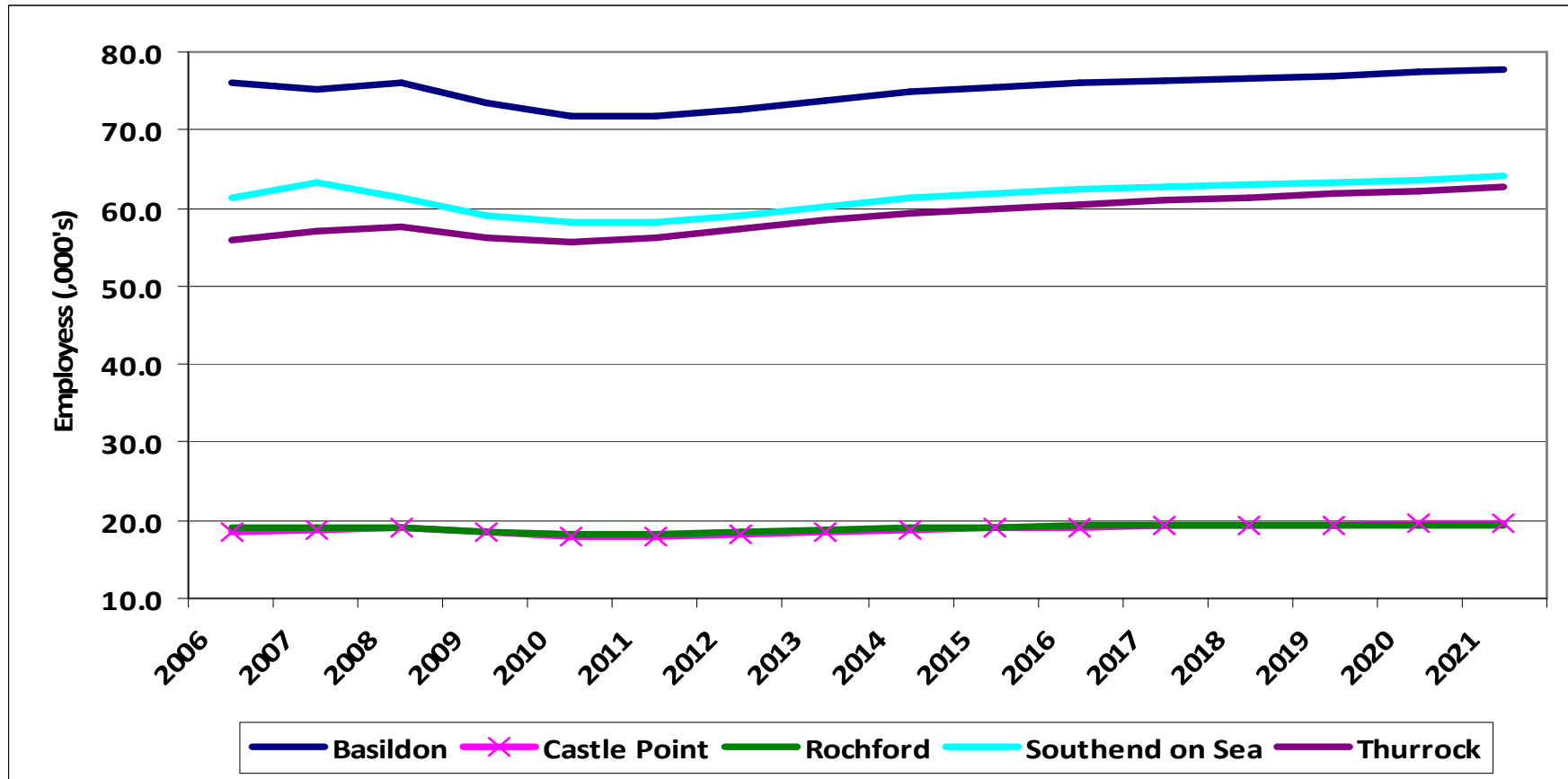


Source – NOMIS 2009

- Large Increases in Castle Point
- Falls in Rochford although recovering



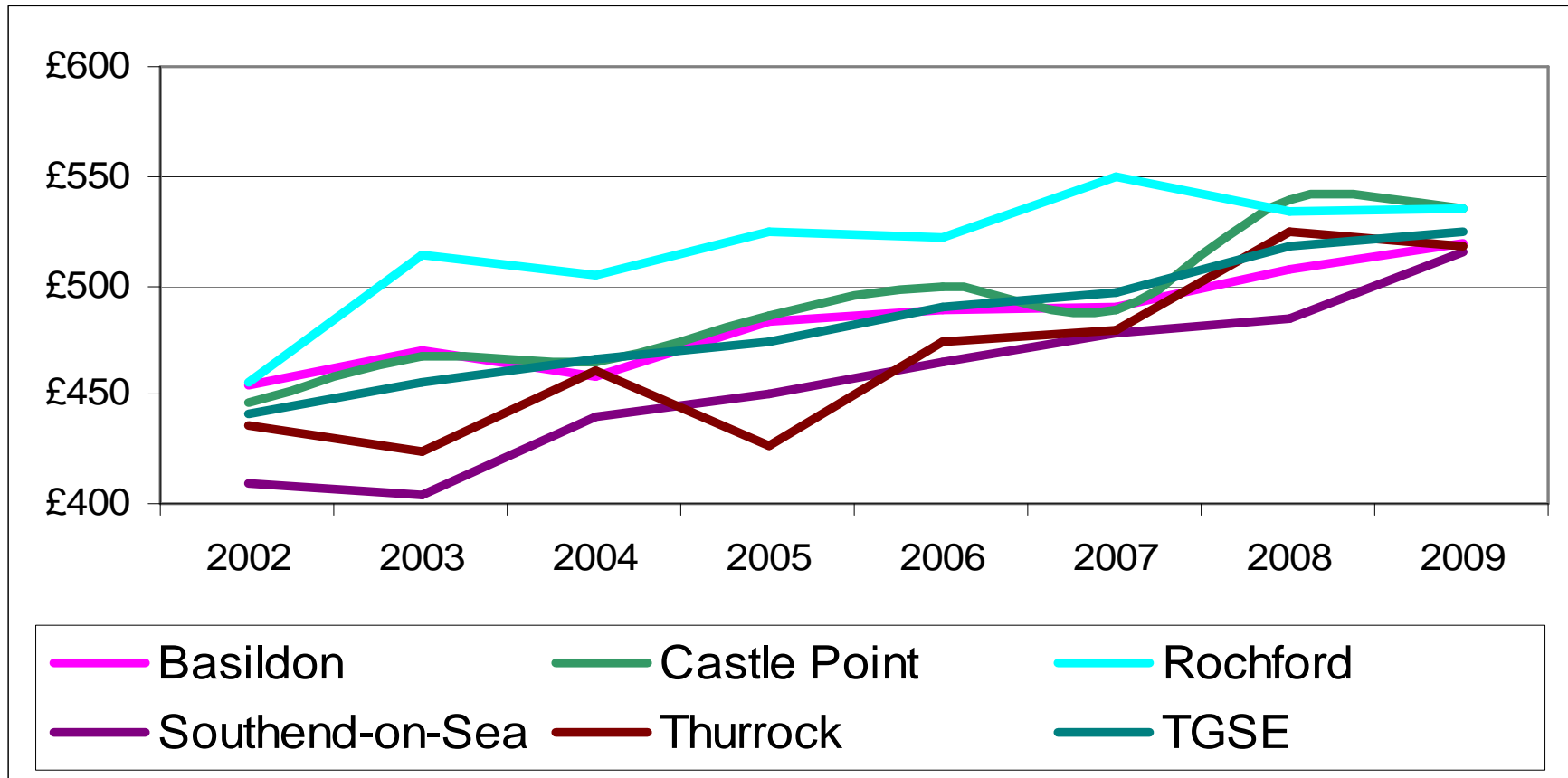
PROJECTED EMPLOYMENT



Source – EEDA 2009

- Projected declines with Recovery by 2017
- Growth slowest in Rochford and Castle Point

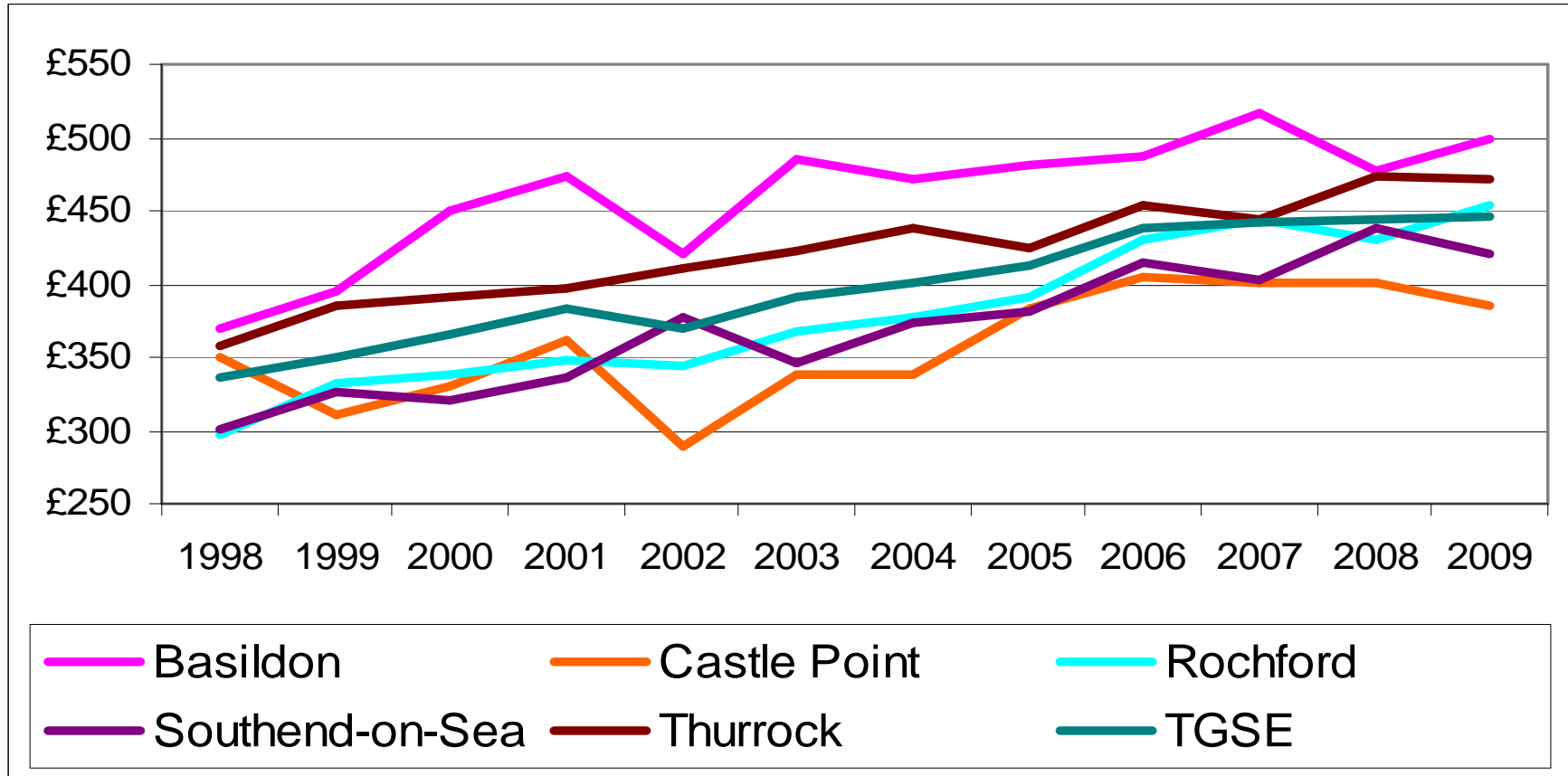
TGSE RESIDENTS EARNINGS



Source- ASHE 2009

- Continued growth with exception of Rochford

TGSE WORKPLACE EARNINGS



Source – ASHE 2009

- **Slowed growth**
- **Decline in Basildon & Castle Point**





EMERGING THEMES

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- Great volatility within the housing market in 2008 and 2009
- Improving sentiment in Q4 2009 and Q1 2010
- Difficulty in defining new development trends in 2009 & 2010
- Housing supply remains strongly challenged
- Housing affordability limited by access to mortgage lending criteria
- Strong latent demand for intermediate housing remains, but clarity of access, costs and difficulties in delivery remain
- Need for immediate, continued emphasis on housing viability overall and affordable housing delivery
- Improving the housing choice and mix remain essential, driven through targeted regeneration efforts and policy initiatives to encourage supply

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